



The Case for
National Service,
By Barack Obama



Islam's Soft Revolution:
Young, Modern
And Moderate



**The New 3-D
Revolution**

Special 3-D section
(with glasses!) inside

TIME

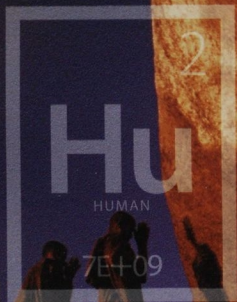
The Bailout Bomb

Why AIG=WMD

Forget those bonuses.
The real scandal is how AIG
was allowed to become a
financial weapon of
mass destruction

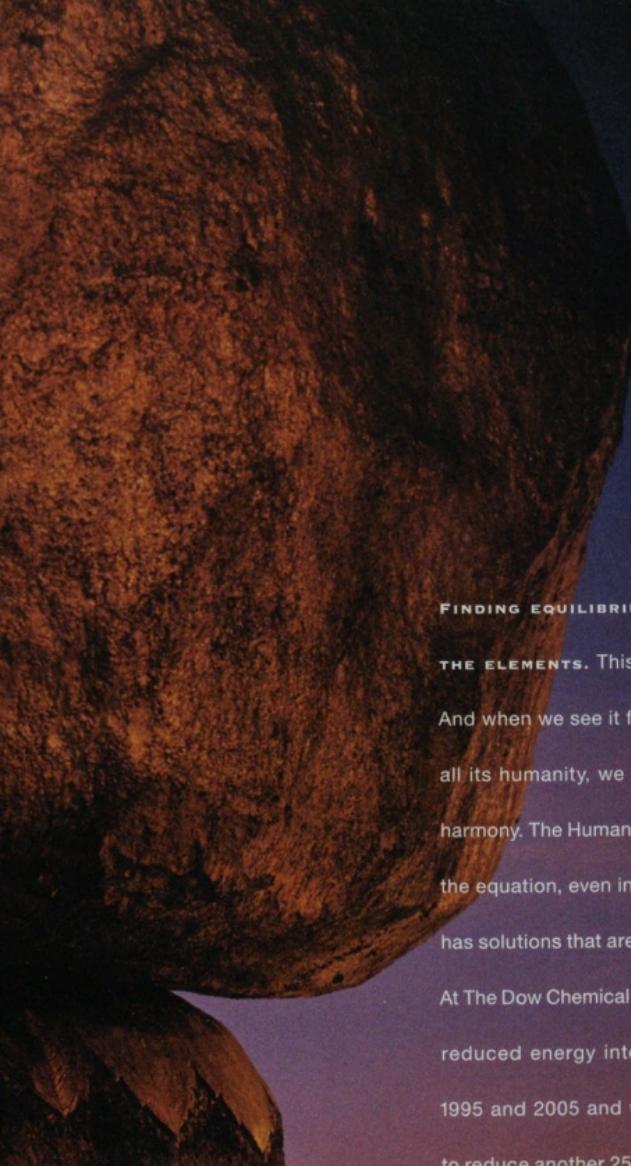
BY BILL SAPORITO





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On the cover: Photo-Illustration for TIME by Arthur Hochstein. Bomb from iStockphoto. Insets, from left: Brendan Smialowski/Bloomberg News/Landov; Olivia Arthur-Magnum for TIME; Bill Kalis for TIME

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The TIME 100. To help select the world's most influential people, four previous honorees offer their nominations when asked, **Who should be on this year's list?**



Luis Moreno-Ocampo

Sister Mary Scullion

Leonard Cohen

Barack Obama

David Eggers

The founder of McSweeney's is the author of the Sudan-set What Is the What



I nominate **Luis Moreno-Ocampo** of the International Criminal Court, who prosecuted Sudanese President Omar Hassan al-Bashir for war crimes. His work on the case and the irrefutable body of evidence he assembled resulted in an arrest warrant—the first ever for a sitting head of state.

Elizabeth Gilbert

The longtime journalist is the author of the best-selling memoir Eat, Pray, Love



Sister Mary Scullion has helped reduce the number of people living on the streets of Philadelphia by half. Over 95% of those who cycle through her Project H.O.M.E. program have never again become homeless, a success rate that has made the program a model for dozens of other U.S. cities.

Craig Newmark

Craigslist's founder started the site—now one of the Net's busiest—as a fun side project



His new tour is a reminder of why **Leonard Cohen** has influenced musickers for decades. He continues to reconnect his fans to their spiritual life and values with songs I regard as prayer, like "Democracy," "Anthem" and "In My Secret Life."

Brian Williams

The former volunteer firefighter is the Emmy Award-winning anchor of NBC Nightly News



Barack Obama's election has forever changed the poster of the Presidents in the front of most elementary-school classrooms in the U.S. We have now lived long enough to see historic change in the White House. Converting that into a successful presidency is another matter.



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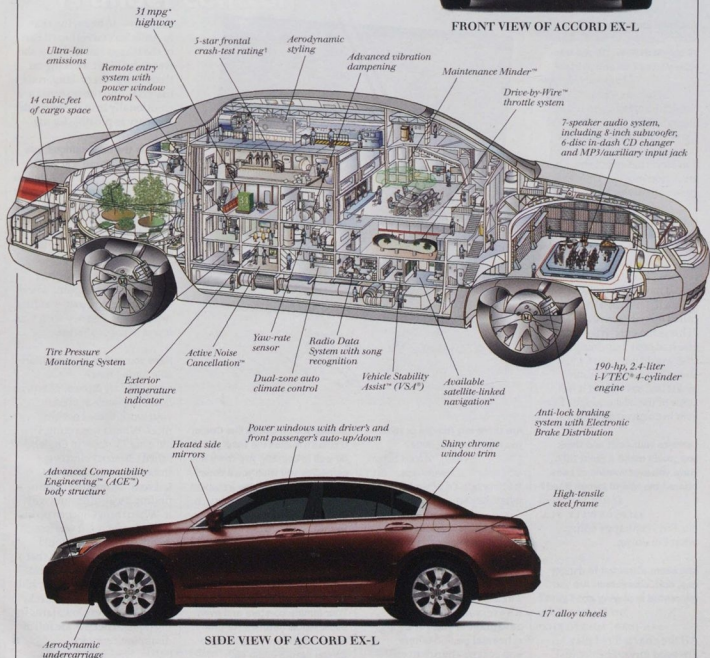
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FRONT VIEW OF ACCORD EX-L



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*EPA estimated highway mileage based on 4-cylinder, 5-speed manual transmission. Use for comparison purposes only. Actual mileage will vary. EX-L Sedan model shown, based on 5-star frontal crash ratings. Government star ratings are part of the National Highway Traffic Safety Administration's (NHTSA's) New Car Assessment Program (www.safercar.gov). **The Honda Satellite-Linked Navigation System™ is available on EX-L models in the U.S., except Alaska. See your Honda dealer for details. honda.com 1-800-33-Honda ©2009 American Honda Motor Co., Inc.

10 Questions.

The British star's newest film is the corporate spy thriller *Duplicity*. **Clive Owen will now take your questions**

You have starred in *Sin City*, *Shoot 'Em Up* and *Inside Man*—all action movies. Do you consider yourself an action star?

Dany Jean-Philippe

PORT-AU-PRINCE, HAITI

No, definitely not. I'm not buff enough. Apart from *Shoot 'Em Up*, which is an out-and-out crazy comedy-action movie, I don't feel that any of the others are action movies. They've just got action in them.

Is there a role you didn't get that you wish you had gotten?

Katie Baker, AMES, IOWA

Not really. I have very few regrets. This part in *Duplicity* would have hurt if I hadn't gotten it. I finished the script, called up the agent and said, "This is the one." If someone else had ended up doing it, that would have hurt. I just thought it was incredibly smart and savvy, and it has some of the best dialogue I've ever been given on film.

I admire your craft and think you would make a great 007. Have you ever wanted or been offered the role of James Bond?

Phillip McDowell

JACKSONVILLE, FLA.

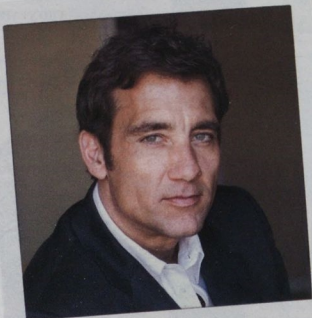
No. I'm very happy doing what I'm doing.

You seem attracted to dangerous, dark characters. Are you interested in playing good guys?

Joel Morales-Rolón

SAN JUAN, PUERTO RICO

All the characters I play are good guys. They're just misunderstood. I honestly don't think I'm attracted to dark characters. I'm just not attracted to straightforward, plain, likable people. I don't think they're very interesting to play.



Are there any movies or roles you regret having done?

Alexis Bondoc

NEW YORK CITY

A few, yeah. I'd never tell you what they were.

What are the challenges of playing contemporary roles, as opposed to classical theater?

John Fischer, SAN FRANCISCO

There's a huge difference. Theater is grueling because it's every night. But the advantage is you get a long rehearsal period where you get the chance to explore a character in a proper linear, narrative way. In film, you're darting all over the place. Personally, even though I trained in theater and I do love theater, I love film more.

Seeing you on shows like *Conan O'Brien's* makes me think you'd do well in comedy. Are there any comedies you wish you'd done?

Marla T. Jacobson, ATLANTA

I don't get offered them much, and the stuff that does come my way, I often don't find that funny. It's the hardest thing to write good comedy. And I'm not going to do a bad comedy. But I would like to do it.

Your female co-stars and even some fellow actors have professed their love for you. Who do you have a crush on?

Cindy Custodio, MANILA

I've got a bit of a crush on Julia Roberts, it has to be said. She's smart, she's funny, and she's incredibly grounded. And she has a very wicked sense of humor. Some of the dialogue

in *Closer*—to be saying that to America's sweetheart! Part of the reason I adore her is she was so brilliant working on that film. It's very dangerous material, and those scenes are emotionally brutal. She made it as easy as possible for me.

What is the most difficult role you've ever played and why?

Naajeh Ali Dhillon

LAHORE, PAKISTAN

Probably *Children of Men* because it was such an unusual lead character. It was a guy who had given up. To play someone so listless was very difficult because you don't want to get to the point where people have given up wanting to go on any journey with you. It was a real challenge.

Have you gotten more comfortable having fans?

Melody Barnes, TORONTO

Listen, if people appreciate your work, there's nothing nicer. When I was young, I did a big TV show in England called *Chancer*. I kind of got thrown into the limelight, so I went through a period of finding a way of dealing with it. When things opened up in the States for me, it was less disorienting than it would have been if I hadn't had that experience. But I think most parents stay grounded. My kids keep me very much in check, really. I have very low status in my house. The days are full of disapproving looks.



VIDEO AT TIME.COM

To watch a video interview with Clive Owen and to subscribe to the 10 Questions podcast on iTunes, go to time.com/10questions

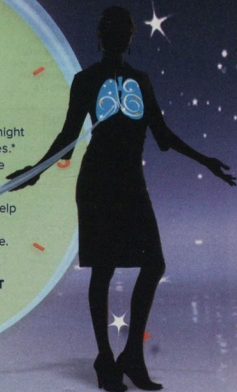
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9 It helps control my asthma symptoms day and night and starts opening my airways within 15 minutes.* Importantly, SYMBICORT won't replace a rescue inhaler for sudden symptoms.

And SYMBICORT combines two medicines to help control inflammation and constriction. So I'm breathing more freely, and that feels good to me.

**If your asthma symptoms keep coming back,
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is right for you.**

*Your results may vary.



IMPORTANT SAFETY INFORMATION

Prescription SYMBICORT is a controller medicine for the long-term maintenance treatment of asthma. SYMBICORT is for people 12 years and older whose doctor has decided are not well controlled on another asthma-controller medicine or who need two asthma-controller medicines. SYMBICORT is not for the treatment of sudden asthma symptoms.

SYMBICORT contains formoterol, a long-acting beta₂-agonist (LABA). Medicines containing LABAs may increase the chance of asthma-related death. So, SYMBICORT should be used only if your health care professional decides another asthma-controller medicine alone does not control your asthma or you need two controller medicines.

While taking SYMBICORT, never use another medicine containing a LABA. SYMBICORT won't replace rescue inhalers for sudden asthma symptoms. Do not use SYMBICORT more than twice a day.

If you are taking SYMBICORT, see your health care professional if your asthma does not improve or gets worse.

Some people may experience increased blood pressure, heart rate, or change in heart rhythm. Tell your doctor if you have a heart condition or high blood pressure. If you are switching to SYMBICORT from an oral corticosteroid, follow your doctor's instructions to avoid health risks when you stop using oral corticosteroids.

Avoid exposure to infections such as chicken pox or measles. Tell your health care professional immediately if you are exposed. In clinical studies, common side effects included nose and throat irritation, headache, upper respiratory tract infection, sore throat, sinusitis, and stomach discomfort.


Please see Important Product Information on adjacent page and discuss with your doctor.

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IMPORTANT INFORMATION ABOUT SYMBICORT

Please read this summary carefully and then ask your doctor about SYMBICORT.

No advertisement can provide all the information needed to determine if a drug is right for you or take the place of careful discussions with your health care professional. Only your health care professional has the training to weigh the risks and benefits of a prescription drug.

WHAT IS THE MOST IMPORTANT INFORMATION I SHOULD KNOW ABOUT SYMBICORT?

- In patients with asthma, long-acting beta₂-agonist (LABA) medicines, such as formoterol (one of the medicines in SYMBICORT), may increase the chance of death from asthma problems. In a large asthma study, more patients who used another LABA medicine died from asthma problems, compared with patients who did not use that LABA medicine. Talk with your health care professional about this risk and the benefits of treating your asthma with SYMBICORT.
- SYMBICORT does not relieve sudden symptoms, so you should always have a fast-acting inhaler (short-acting beta₂-agonist medicine) with you. If you do not have this type of inhaler, talk with your health care professional to have one prescribed for you.
- Get emergency medical care if your breathing problems worsen quickly and your fast-acting inhaler does not relieve them.
- Do not stop using SYMBICORT unless your health care professional tells you to stop because your symptoms might get worse.

WHAT IS SYMBICORT?

SYMBICORT is an inhaled prescription medicine for long-term maintenance treatment, taken twice a day, every day, to control asthma in patients 12 years and older. It will not replace your fast-acting inhaler for relief of sudden asthma symptoms.

SYMBICORT contains two medicines:

- Budesonide (the same medicine found in PULMICORT TURBUHALER® [budesonide inhalation powder], PULMICORT FLEXHALER™ [budesonide inhalation powder], an inhaled corticosteroid medicine, or ICS. ICS medicines help to decrease inflammation in the lungs. Inflammation in the lungs can lead to asthma symptoms.
- Formoterol (the same medicine found in Foradil® AEROLIZER®) is a long-acting beta₂-agonist medicine, or LABA. LABA medicines help the muscles in the airways of the lungs stay relaxed to prevent asthma symptoms, such as wheezing and shortness of breath. These symptoms can happen when the muscles in the airways tighten, which, in severe cases, can cause breathing to stop completely if not treated right away.

WHO SHOULD NOT TAKE SYMBICORT?

You should NOT take SYMBICORT if your health care professional:

- decides that your asthma is well controlled using another asthma-controller medicine
- you only use a fast-acting inhaler less than twice a week

WHAT SHOULD I TELL MY HEALTH CARE PROFESSIONAL BEFORE USING SYMBICORT?

Tell your health care professional about all of your health conditions, including if you:

- have heart problems
 - have high blood pressure
 - have seizures
 - have thyroid problems
 - have diabetes
 - have liver problems
 - have been on an oral steroid, like prednisone
 - have osteoporosis
 - have an immune system problem or have been exposed to chicken pox or measles
 - have tuberculosis or other infections
 - are pregnant or planning to become pregnant because it is not known if SYMBICORT may harm your unborn baby
 - are breast-feeding because it is not known if SYMBICORT passes into your milk and if it can harm your baby
- Tell your health care professional about ALL the medicines you are taking, including all your prescription and nonprescription medicines, vitamins, and herbal supplements.

SYMBICORT and certain other medicines may interact with each other and can cause serious side effects. So be sure to keep track of ALL the medication you take. You might want to make a list and show it to your health care professional, including your pharmacist, each time you get any new medicine, just to ensure there are no potential drug interactions.

HOW DO I USE SYMBICORT?

Do not use SYMBICORT unless your health care professional has carefully demonstrated how to do so. If you have any questions concerning the use of SYMBICORT, ask your health care professional.

SYMBICORT should be taken twice every day as prescribed by your health care professional.

SYMBICORT comes in two strengths. Your health care professional will prescribe the strength that is best for you.

When you use SYMBICORT, make sure you

- use SYMBICORT exactly as prescribed
- take two puffs of SYMBICORT in the morning and two puffs in the evening every day. If you miss a dose of SYMBICORT, you should take your next dose at the same time you normally do
- do not take SYMBICORT more often or use more puffs than you have been prescribed
- rinse your mouth with water after each dose (two puffs) of SYMBICORT without swallowing
- do not change or stop any of the medicines you use to control or treat your breathing problems. Your health care professional will adjust your medicines as needed
- always have a fast-acting inhaler with you. Use it if you have breathing problems between doses of SYMBICORT

Seek emergency medical care if

- your breathing problems worsen quickly and your fast-acting inhaler does not relieve your breathing problems
- you experience any symptoms of a serious allergic reaction to SYMBICORT, such as a rash; hives; swelling of the face, mouth, tongue; and breathing problems

Contact your health care professional if

- you need to use your fast-acting inhaler more often than usual
- your fast-acting inhaler does not work as well for you at relieving symptoms
- you need to use four or more inhalations of your fast-acting inhaler for 2 or more days in a row
- you use up your entire fast-acting inhaler canister within 8 weeks
- your peak-flow meter results decrease. Your health care professional will tell you the numbers that are right for you
- your asthma symptoms do not improve after using SYMBICORT regularly for 1 week

WHAT MEDICATIONS SHOULD I NOT TAKE WHEN USING SYMBICORT?

While you are using SYMBICORT, do NOT use other medicines that contain a long-acting beta₂-agonist (LABA) for any reason, such as:

- Serevent® Diskus® (salmeterol xinafoate inhalation powder)
- Advair Diskus® or Advair® HFA (fluticasone propionate and salmeterol)
- Foradil® AEROLIZER® (formoterol fumarate inhalation powder)

WHAT ARE OTHER IMPORTANT SAFETY CONSIDERATIONS WITH SYMBICORT?

- Cardiovascular and central nervous system effects of LABAs, such as chest pain, increased blood pressure, fast or irregular heartbeats, tremor, or nervousness
- Immune system effects and a higher chance for infections
- Osteoporosis. People at risk for increased bone loss may have a greater risk with SYMBICORT
- Slowed growth in children. As a result, growth should be carefully monitored
- Eye problems, such as glaucoma and cataracts. Regular eye exams should be considered while using SYMBICORT

WHAT ARE OTHER POSSIBLE SIDE EFFECTS WITH SYMBICORT?

- Nose and throat irritation
- Headache
- Upper respiratory tract infection
- Sore throat
- Sinusitis
- Stomach discomfort
- Oral thrush

Tell your health care professional about any side effect that bothers you or that does not go away. These are not all the side effects with SYMBICORT. Ask your health care professional for more information.

NOTE: This summary provides important information about SYMBICORT. For more information, please ask your doctor or health care professional about the full Prescribing Information and discuss it with him or her.

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Postcard: East Rutherford. With shopping centers failing nationwide, the most expensive mall in America prepares to open its doors. **Big dreams for a retail paradise**

BY SEAN GREGORY

IT RISES OUT OF THE TIDAL MURK of northern New Jersey like a garish monster-movie swamp thing, a mish-mash of boxes covered in aqua, blue and white tiles, with a little mustard yellow and brown thrown in. Welcome to Xanadu, a 2.4 million-sq.-ft. retail and entertainment complex under construction in the Meadowlands, the polluted wetlands on which the sports complex of the same name was built some 33 years ago. Its moniker is a nod to both a Samuel Taylor Coleridge poem ("In Xanadu did Kublai Khan/ A stately pleasure-dome decree") and a ridiculous 1980 roller-disco film starring Olivia Newton-John (which might explain the color scheme). Slated to open its doors in August, it is the most expensive mall ever built in the U.S., at an estimated \$2 billion. It's also the only one with tentative plans to open this year, in the teeth of the worst downturn since the Great Depression.

The American mall is suffering a slow, painful death. With consumer spending much reduced by the ongoing economic slump, the International Council of Shopping Centers predicts that 73,000 stores will close their doors in the first half of 2009. Retail expert Burt Flickinger III, managing director of Strategic Resources Group, projects that as many as 3,000 shopping centers nationwide could go under this year. Xanadu—which says it has leased 73% of its space as of early March—is running straight into every possible economic headwind. "It's the poster child for bad timing," says Howard Davidowitz, chairman of consulting firm Davidowitz & Associates.

Worse, the mall is making a virtue of its discretionary amenities at a time when consumers are in survival mode. In addition to casual dining, an 18-screen movie theater and upmarket fashion retailers such as H&M, Guess and Zara, plans call for a skydiving simulator, an indoor



In the weeds New Jersey's Xanadu shopping center is the subject of statewide scorn

wave pool and a 286-ft. Ferris wheel with views of the Manhattan skyline (as well as the squalid North Jersey landscape made famous in the opening credits of *The Sopranos*). A ski-jump-shaped superstructure will hold a 165,000-sq.-ft. indoor skiing and snowboarding facility. "Xanadu is the epic discretionary story," says Davidowitz.

"It's the epicenter of 'not needed.'"

Naturally, executives for Xanadu offer a different spin. "It's not like people aren't looking to recreate," says Larry Siegel, president of Xanadu. "They are. People may not be able to rent that house on the beach or pay a few hundred bucks for a three-day pass at Disney. But they can come here and spend \$100."

On paper, Xanadu's business plan makes some sense. A huge video screen will broadcast sporting events to draw shopping-averse men to the mall. The Children's Science Center, Legoland Discovery Centre and Wannado City—where kids can hold "jobs" as firefighters, cops and other professionals—may help lure families. The New York City metropolitan area, home to some 18.8 million

people, hasn't been hit quite as hard by the recession as the rest of the country. Xanadu's location—at the intersection of the New Jersey Turnpike and two heavily trafficked state roads, through which 88 million vehicles pass each year—should also help. Plus, the state has built a rail line to the site. It's now just a 23-minute ride from Manhattan, making a day trip more tempting for carless New York City residents who traditionally cringe at the thought of crossing the Hudson.

If the commute doesn't give shoppers pause, the scenery might. Its eye-crossing exterior aside—"It's basically a lot of junk," says former New Jersey governor Brendan Byrne; "I drive by with friends, and we're embarrassed"—Xanadu is surrounded by weedy wetlands, decrepit factories, shipping containers and railroads. Xanadu's president, however, insists that the mall is the real deal. "For people driving by who don't like how the front of it looks, please, give yourself a chance to understand the whole package," Siegel says. That would be a reasonable request from any mall developer—in 2006. These days, Xanadu should forget about paradise and focus on staying out of hell. ■



Global Dispatch

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America the Underinsured

TIME'S COVER STORY WAS A POIGNANT LOOK at one person's struggle to get the health care he needs [March 16]. Even more tragic, this story is repeated too many times each year in this country. As illustrated in your piece, physicians often provide care without charge when patients are in need, but we need a system that does a much better job of supporting patients and physicians. Your reform points are key. A full 75% of total health-care spending is linked to chronic health problems, many of which are preventable. If we can help Americans live healthier, we can reduce disease and decrease health-care spending. The American Medical Association is committed to reform that covers everyone with a choice of portable insurance, increases the value our nation receives from its health-care spending and enhances prevention and wellness. We need a better system for America's patients and the physicians who care for them.

Nancy H. Nielsen, M.D.,
President, American Medical Association
WASHINGTON

KAREN TUMULTY'S SAD STORY ABOUT HER brother points out so much that is wrong with our health-care system. The best health-care-reform option of all: a single-payer, universal plan that provides comprehensive coverage, including dental, eye, mental health, etc., to all citizens. The

best part of all is that it is already in Congress: HR 676. The opponents of HR 676 are beholden to the insurance and pharmaceutical industries. It is time for a change.

Anita Simons, LA JOLLA, CALIF.

IRONICALLY, IF PATRICK TUMULTY HAD decided to retaliate against his insurance company's executives with physical violence, he would now be in our penal system—with full health-care benefits.

Richard Clark III, ADELL, WIS.

AS TAXPAYERS, WE FUND THE HEALTH CARE of our elected officials. Maybe it is time to strip the coverage of those officials who kowtow to lobbies and show no interest in mending this situation.

David Walker, DARTMOUTH, MASS.

A Rush to Judgment

RE "THE MOMENT" [MARCH 16]: RUSH LIMBAUGH'S hope that President Barack Obama fails is nothing less than unpatriotic. It's one thing to represent the loyal opposition and criticize Administration policies. But by championing Obama's failure, he is rooting for America's failure too.

Owen Prell, MILL VALLEY, CALIF.

WHERE HAS TIME BEEN FOR EIGHT YEARS? No one has tried to silence Limbaugh's trash talk on Obama. To suggest that he has been wronged is beyond the pale.

Allison Simpson, LA MESA, CALIF.

'We need Republicans like Jindal articulating the party's flawed philosophy. It reminds voters why a Democrat is in the White House.'

Robert LeGro, ANTELOPE, CALIF.

On message Louisiana Governor Bobby Jindal replied to TIME's 10 Questions



SETTING THE RECORD STRAIGHT

■ In "The Lessons from Japan," we left off the word *Liberal* in the name of Japan's right political party [March 23]. It is the Liberal Democratic Party.

Dull and Duller

RE YOUR 10 QUESTIONS WITH BOBBY JINDAL [March 16]: If I hear another Republican politician spout the talking point that health care should be between patient and doctor and not a bureaucrat, I'm going to pull out what little hair I have left. My wife and I are self-employed. Our health-care costs eat up much of our annual income, and neither of us has a chronic illness. I would much rather have a bureaucracy deliver affordable coverage at whatever inconvenience than be squeezed dry by rapacious Republican-loving drug and insurance companies.

Mark Dunn, ALBUQUERQUE, N.M.

But, Mom, You're in My Fave 5!

THANK YOU, NANCY GIBBS [MARCH 16]. I have been labeled a "mean mom" for not allowing my 12-year-old daughter to have a cell phone. I can live very comfortably with that title! By giving children all these technologies and not teaching them the consequences of misuse, we are forcing our children to grow up too fast.

Jacqueline Tracy, JOHNS CREEK, GA.

AS A TEENAGER, I WAS INSULTED BY GIBBS' piece. Not every kid is manipulating his parents to distribute porn. And legislating that people under 18 not be allowed to use cell phones is ridiculous. The point of having responsibility as an adolescent is that you have leeway to make mistakes before adulthood. Gibbs' argument sounds a lot like the one for that tried-and-true form of birth control: abstinence. It doesn't work for teen pregnancy, so why should it work any better for teen cell-phone abuse?

Alec MacMillen, HILLSBOROUGH, CALIF.



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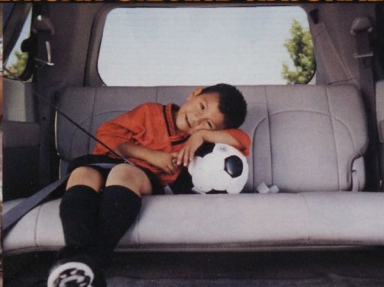


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OIL AND NATURAL GAS INDUSTRY

*ICF International: Strengthening Our Economy: The Untapped U.S. Oil and Gas Resources, December 2008

Briefing

THE WORLD VERBATIM HISTORY

POP CHART MILESTONES



The Moment

3/17/09: Seattle

NEWSPAPERS USED TO DIE ALL the time, and nobody thought a thing about it because other newspapers were being born. The law of the jungle is brutal but not particularly sad. Somewhere around the time television got big, though, the newspaper birthrate fell close to zero; after that, every death was one step closer to extinction. You see the difference in the history of the Seattle *Post-Intelligencer*. Its 146-year life span is a tale of dead start-ups, relaunched, mergers, fierce

competition—all bloody and robust and healthy. Now the *PI* is gone but for a skeleton crew of Web producers and opinion writers, and there won't be another paper along to replace it. With the *Seattle Times* also struggling, Seattle could become one of the first major cities to go newspaperless.

Declining readership is normally blamed, but that's not quite it. Newspapers still attract readers—more than 400,000 each Sunday in Seattle

when the *PI* died March 17. That's more in one town than most cable-news shows draw nationwide.

But large audiences won't save an ecosystem in which costs are high and advertising has plunged. Tiny audiences

The newspaper biz was a gas while it lasted. Now all that's left is hot air

are fine for cable because you don't need much more than a desk, a loudmouth host and a camera—the guests show up for free, lured by the bewitching red light that signals on THE AIR. For online news, you don't even need the guests or

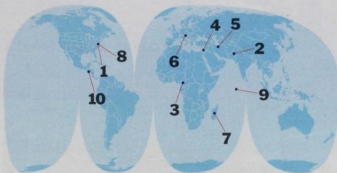
the camera. A paper, by contrast, has presses and trucks and lifestyle reporters; comic strips, critics and recipes; the DIY column, beat writers, the sports pages, an investigative team, the statehouse bureau, a squad of chin strokers on the editorial board and that older fellow who writes a "light" column that hasn't been funny for years. That's a lot of overhead.

The business was a gas while it lasted, but that's a topic for the press-club bar. Instead, consider this: every time a news source dies and an online opinion site rises up, we move a little closer to the fact-starved day when the loudmouths have only themselves to talk about.

—BY DAVID VON DREHLE

The World

10 ESSENTIAL STORIES



1 | Washington

Every Country for Itself

Despite a pledge not to enact new protectionist policies—which economists say could worsen the global recession—17 of the G-20 countries have implemented such measures in recent months, according to the World Bank. Individual nations' attempts to preserve jobs and industries through tariffs or subsidies "can lead to a negative spiral of events," according to the bank's president. In its report, the bank says 47 separate isolationist measures have been put in place since November.

A sampling of new protectionist measures



RUSSIA
Higher tariffs on imported used automobiles, most of which come from Japan



U.S.
Billions in loans to GM and Chrysler—dubbed a "direct subsidy" by the World Bank



INDONESIA
New limits on imports of food, electronics, footwear, clothing and toys



EUROPEAN UNION
Reinstated subsidy payments for exports of dairy products like butter and milk powder

SOURCE: WORLD BANK



2 | Pakistan

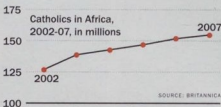
Chief Justice Reinstated

In a move widely seen as a victory for Pakistan's judiciary and for opposition leader Nawaz Sharif, President Asif Ali Zardari agreed to reinstate the country's Chief Justice, relenting in the face of mass protests. Zardari had previously vowed to let Iftikhar Muhammad Chaudhry, first removed by former President Pervez Musharraf nearly two years ago, resume his job; Zardari reportedly stalled over fears the judge would revive corruption charges against him.

3 | Cameroon

A Pontiff in Africa

On his 11th trip abroad, Pope Benedict XVI is traveling in Africa, where Catholic ranks have swelled some 20% since 2002. His Holiness courted controversy at the start of his voyage by reiterating the church's stance against condoms, saying their use "increases the problem" of HIV and AIDS. The Pope's trip is intended to solidify relations with his growing flock on the continent and will include meetings with Christian and Muslim leaders.



About 900 documents in all, the Dead Sea Scrolls shed light on Judaism and early Christianity

4 | Jerusalem

Rewriting History?

An Israeli biblical scholar claims that the Essenes, the 1st century Jewish community commonly believed to have written the Dead Sea Scrolls, may never have existed. Rachel Eilior contends that the story of the virtuous Essenes was fabricated by a former priest as a "rebuttal to anti-Semitic literature" of the time. The scrolls, she says, may have been written by members of a priestly caste banished from Jerusalem in the 2nd century B.C.

5 | Tehran

A Reformer Withdraws

Former President Mohammad Khatami dropped out of Iran's presidential race on March 17 to avoid splitting the pro-reform vote in upcoming elections. Khatami, the West's favored candidate, has thrown his support behind fellow reformist Mir-Hossein Mousavi, uniting the opposition against incumbent Mahmoud Ahmadinejad, the current front runner.

6 | Austria

Dungeon Dad Pleads Guilty

Three days into Josef Fritzl's trial on charges of imprisoning and repeatedly raping his daughter Elisabeth in a homemade dungeon for 24 years, he pleaded guilty to all charges. Fritzl previously admitted to incest, rape, coercion and false imprisonment. But in a surprise move, he also took responsibility for the death of one of the seven children he fathered with his daughter. Fritzl will probably spend the rest of his life in prison.

Numbers:

28%

Percentage of Americans who say they would act immorally—including lying or backstabbing—to keep their jobs

4.3 MILLION

Number of children born in the U.S. in 2007—more than during the peak of the baby boom 50 years earlier



7 | Madagascar

FROM CHAOS TO COUP President Marc Ravalomanana ceded power to the country's military on March 17 after soldiers stormed a presidential palace in the capital city of Antananarivo. The move followed two months of antigovernment protests—many of which were prompted by Antananarivo's ex-mayor, former DJ Andry Rajoelina, who declared himself the country's new leader. Ravalomanana accused his political rival of seizing power by illegal means (according to Madagascar's constitution, the 34-year-old Rajoelina isn't old enough to be President), while the African Union accused Rajoelina of orchestrating a coup that threatens the continent's security.

How Washington Compares



8 | Washington

HIV Infections Soar in the Nation's Capital

A report by the District of Columbia revealed that at least 3% of residents suffer from HIV or AIDS—among the highest rates in the nation and a figure that far outstrips the 1% benchmark that the city's HIV/AIDS administration says indicates a "severe" epidemic. The city's rate of infection—which has risen 22% since 2006—surpasses those found in some developing nations, and officials warn that the actual tally is even higher than the reported number. More than 75% of residents harboring the virus are African American.

9 | Maldives

Going Green To Survive

With his low-lying island nation at risk from rising seas caused by global warming, President Mohamed Nasheed has announced a plan to make the Maldives the world's first carbon-neutral country. Under the plan, the Maldives would generate electricity with wind turbines and solar panels and buy emissions credits from the E.U. to offset air travel for the estimated 600,000 tourists who visit its islands each year.



A Salvadoran woman searches the rolls for the number of her voting station

10 | San Salvador

Rebels Take Power, Peacefully

A political party largely composed of former leftist guerrillas swept into power in El Salvador's presidential election on March 15, ushering in a new era for a nation dominated for two decades by the right-wing Nationalist Republican Alliance. Mauricio Funes, a former television journalist and the first Farabundo Martí National Liberation Front candidate never to have served as a guerrilla commander, capitalized on voter disaffection with widespread poverty and soaring crime rates to win 51% of the vote. Funes, who styles himself as a political moderate in the mold of popular Brazilian President Luiz Inácio Lula da Silva, pledged to unite a government still strained by the 1980-92 civil war, in which more than 70,000 people perished.

(RECESSION



WATCH)

The economic crisis has hit Wall Street, Main Street and ... *Sesame Street*? The New York City-based nonprofit Sesame Workshop, which produces the famous children's show, announced plans to **lay off 20% of its staff—about 70 employees**. The workshop's funding derives from licensing and syndication fees, government grants and philanthropy—all of which are slumping.



20 YEARS Age of a congressional system of automatic annual salary increases that the U.S. Senate recently voted to scrap

\$317,200

Winning bid for a rare copy of the first comic book to feature Superman; only about 100 copies of the 1938 work are known to exist



For daily sound bites,
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Verbatim

'He deserves my silence.'

GEORGE W. BUSH, refusing to criticize President Barack Obama during his first public speech since leaving office

'Even trash has become worthless.'

TIAN WENGUI, a Beijing resident who recycles garbage for cash, on the global economic downturn

'The ICRC is the guardian of the Geneva Conventions, and when it uses those words, they have the force of law.'

MARK DANNER, a U.S. journalism professor who published leaked copies of an International Committee of the Red Cross report that described 'torture' at secret CIA prisons

'Go ask the gringo Fourth Fleet for help to defend your port.'

HUGO CHAVEZ, Venezuelan President, referring to the U.S. naval group while taunting a governor and political rival; Chávez ordered his navy to seize seaports in Venezuelan states with major oil-exporting installations

'It's now really just a word—hollow and evoking only memories.'

PRINCE WILLIAM, on what the word *Mummy* means to him since the death of his mother Princess Diana in 1997

'Doctors do not have a license to pump innocent and often vulnerable people full of dangerous chemicals.'

JERRY BROWN, California attorney general, on filing charges against two doctors and the lawyer turned beau of Anna Nicole Smith for giving the model illegal prescriptions before her 2007 death from a drug overdose

'It was junk.'

RUSSELL JESSOP, one of 439 kids seized from a polygamists' compound in Utah last April, describing TV and other modern trappings that he encountered during his time in custody



Back & Forth:

Media

'O.K., Meghan, do you think that anyone would be talking to you if you weren't kind of cute and you weren't the daughter of John McCain?'



Conservative talk-show host **LAURA INGRAHAM**, calling Meghan McCain a 'plus-sized model' who uses news website the Daily Beast as her 'dating LiveJournal'

'Kiss my fat ass.'

MEGHAN MCCAIN, responding on *The View* to Ingraham's comments about her weight. Ingraham later fired back, 'Can I say "Lighten up," or is that offensive too?'



Security

'I'm not interested in militarizing the border.'

PRESIDENT BARACK OBAMA, on a request by Texas Governor Rick Perry to send 1,000 National Guard troops to police the Texas-Mexico border in the face of rising drug violence. Obama said he would consider such a move only as a 'last resort'

'Washington has been an abject failure at defending our border.'

RICK PERRY, saying the Lone Star State will simply have to 'take care of itself.' Obama later agreed to send 37 federal agents to the region



LEXICON

Recession beard *n.*—Facial hair worn as a badge of sorts by recently unemployed Americans



USAGE: 'Nate Stahura from Rochester, N.Y., won the "recession beard" competition with a shaggy five-month-old effort that he grew after being laid off as a banker.'

—New York Times, March 16, 2009



**WE SPEAK CAR.
AND PEOPLE LIKE WHAT WE'RE SAYING.**

**"Wait, so, has somebody invented the car of the future
and didn't tell us?"**

— *Los Angeles Times*, December 2008

"The 2010 Fusion is the best gasoline-electric hybrid yet."

— *USA TODAY*, February 2009

**"Fun and fuel economy have finally gotten married
in a mid-size sedan."**

— *Car and Driver*, February 2009

"The new benchmark among mid-size hybrid sedans."

— *AUTOMOBILE Magazine*, March 2009

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*Fusion Hybrid EPA-estimated 41 city/36 hwy mpg. Fusion 23 city/34 hwy/27 combined mpg Fusion S I-4 Automatic. Actual mileage will vary. Midsize class per R. L. Polk & Co.

A Brief History Of: Ratings Agencies

1841 Lewis Tappan founds the Mercantile Agency (later Dun & Bradstreet) to report on the general business standing of companies all over the U.S.



1909 John Moody puts out *Analyses of Railroad Investments* and for the first time assigns grades to publicly traded securities

1913 Moody expands his grades to bonds issued by industrials and utilities; the next year, he adds cities and towns

1916 Poor's Publishing starts rating bonds, building on Henry Poor's *Manual of the Railroads of the United States*



1924 Fitch Publishing Co., a New York City publisher of statistics about stocks and bonds, begins its own credit ratings

1936 The U.S. Comptroller of the Currency issues a regulation that bars banks from owning low-rated securities

1940s-60s With few bonds defaulting, agencies find their ratings in lesser demand; the ranks of analysts dwindle

1970s Amid a turbulent economy, the SEC crowns certain agencies "nationally recognized"; bond issuers start paying for ratings themselves, boosting agencies' revenues



2001 Enron loses its investment-grade rating from Moody's, S&P and Fitch just five days before its collapse; the firms are heavily criticized

44%

Percentage of Moody's revenues in 2006 coming from rating structured finance products—like today's toxic mortgage-related securities—vs. 32% from rating corporate bonds

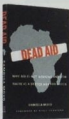
37,000

Number of structured finance products carrying the agencies' highest ratings in 2007, including 60% of all those looked at by Fitch; thousands have since been downgraded



2008 In October, Congress lambastes the heads of the major ratings agencies for their role in the financial meltdown

THE SKIMMER

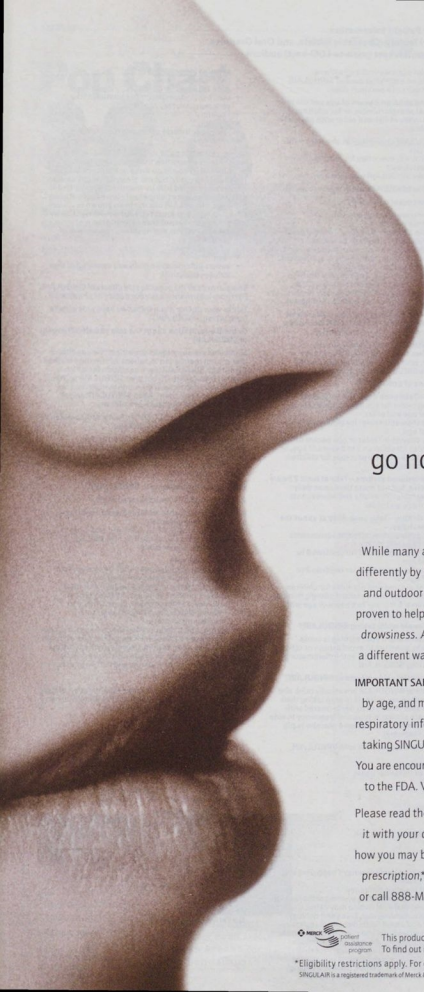


Dead Aid

By Dambisa Moyo
FSG; 188 pages

POOR AFRICA. IT'S BOTH the literal and figurative meanings of that phrase that gall Dambisa Moyo. A Zambian-born, Harvard- and Oxford-educated economist who worked at Goldman Sachs for almost a decade, Moyo is particularly angry at the way overly solicitous Western financial aid has made Africa's "poor poorer." As she writes, "The notion that aid can alleviate systemic poverty... is a myth." That \$1 trillion-plus the U.S. has poured into Africa? Mostly useless. All that Bono-supported "glamour aid"? Somewhat insulting. The truth, Moyo argues, is that massive foreign aid encourages corruption and stifles the investment and free enterprise that can provide long-term stability. Her alternative solutions include widespread microfinancing and unfettered agricultural trade with the West. Africa could also use more foreign direct investment—which China regularly provides, despite howls over its deals with the continent's more unsavory regimes. Still, Moyo notes, China's "foray into Africa is all business"—there's not a smidgen of pity involved. Which is the way it should be. —BY GILBERT CRUZ

READ
SKIM
TOSS



go nose to nose
with allergies.

While many allergy medicines block histamine, SINGULAIR works differently by blocking leukotrienes, an underlying cause of indoor and outdoor allergy symptoms. One SINGULAIR once a day is proven to help relieve nasal allergy symptoms – without causing drowsiness. Ask your doctor about prescription SINGULAIR, a different way to treat allergies.



IMPORTANT SAFETY INFORMATION: Side effects are generally mild and vary by age, and may include headache, ear infection, sore throat, and upper respiratory infection. Side effects generally did not stop patients from taking SINGULAIR. Check with your doctor if you are pregnant or nursing. You are encouraged to report negative side effects of prescription drugs to the FDA. Visit www.fda.gov/medwatch, or call 1-800-FDA-1088.

Please read the Patient Information on the adjacent page and discuss it with your doctor. To learn more about SINGULAIR and how you may be able to save on your next prescription,* visit singulair.com or call 888-MERCK-95.



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Patient Information
SINGULAR® (SING-u-lair) Tablets, Chewable Tablets, and Oral Granules
Generic name: montelukast (mon-te-LOO-kast) sodium

9628414

Read this information before you start taking SINGULAR®. Also, read the leaflet you get each time you refill SINGULAR®, since there may be new information in the leaflet since the last time you saw it. This leaflet does not take the place of talking with your doctor about your medical condition and/or your treatment.

What is SINGULAR®?

- SINGULAR is a medicine called a leukotriene receptor antagonist. It works by blocking substances in the body called leukotrienes. Blocking leukotrienes improves asthma and allergic rhinitis. SINGULAR is not a steroid. Studies have shown that SINGULAR does not affect the growth rate of children. (See the end of this leaflet for more information about asthma and allergic rhinitis.)

SINGULAR is prescribed for the treatment of asthma, the prevention of exercise-induced asthma, and allergic rhinitis.

1. Asthma.

SINGULAR should be used for the long-term management of asthma in adults and children ages 12 months and older.

Do not take SINGULAR for the immediate relief of an asthma attack. If you get an asthma attack, you should follow the instructions your doctor gave you for treating asthma attacks.

2. Prevention of exercise-induced asthma.

SINGULAR is used for the prevention of exercise-induced asthma in patients 15 years of age and older.

3. Allergic Rhinitis.

SINGULAR is used to help control the symptoms of allergic rhinitis (sneezing, stuffy nose, runny nose, itching of the nose). SINGULAR is used to treat seasonal allergic rhinitis (outdoor allergies that happen part of the year) in adults and children ages 2 years and older, and perennial allergic rhinitis (indoor allergies that happen all year) in adults and children ages 6 months and older.

Who should not take SINGULAR?

Do not take SINGULAR if you are allergic to SINGULAR or any of its ingredients.

The active ingredient in SINGULAR is montelukast sodium.

See the end of this leaflet for a list of all the ingredients in SINGULAR.

What should I tell my doctor before I start taking SINGULAR?

Tell your doctor about:

- **Pregnancy:** If you are pregnant or plan to become pregnant, SINGULAR may not be right for you.
- **Breast-feeding:** If you are breast-feeding, SINGULAR may be passed in your milk to your baby. You should consult your doctor before taking SINGULAR if you are breast-feeding or intend to breast-feed.
- **Medical Problems or Allergies:** Talk about any medical problems or allergies you have now or had in the past.
- **Other Medicines:** Tell your doctor about all the medicines you take, including prescription and non-prescription medicines, and herbal supplements. Some medicines may affect how SINGULAR works, or SINGULAR may affect how your other medicines work.

How should I take SINGULAR?

For adults and children 12 months of age and older with asthma:

- Take SINGULAR **once a day in the evening**.
- Take SINGULAR every day for as long as your doctor prescribes it, even if you have no asthma symptoms.
- You may take SINGULAR with food or without food.
- If you have asthma symptoms get worse, or if you need to increase the use of your inhaled rescue medicine for asthma attacks, call your doctor right away.
- **Do not take SINGULAR for the immediate relief of an asthma attack.** If you get an asthma attack, you should follow the instructions your doctor gave you for treating asthma attacks.
- Always have your inhaled rescue medicine for asthma attacks with you.
- Do not stop taking or lower the dose of your other asthma medicines unless your doctor tells you to.

For patients 15 years of age and older for the prevention of exercise-induced asthma:

- Take SINGULAR at least 2 hours before exercise.
- Always have your inhaled rescue medicine for asthma attacks with you.
- If you are taking SINGULAR daily for chronic asthma or allergic rhinitis, do not take an additional dose to prevent exercise-induced asthma. Speak to your doctor about your

treatment of exercise-induced asthma.

- Do not take an additional dose of SINGULAR within 24 hours of a previous dose.

For adults and children 2 years of age and older with seasonal allergic rhinitis, or for adults and children 6 months of age and older with perennial allergic rhinitis.

- Take SINGULAR **once a day**, at about the same time each day.
- Take SINGULAR every day for as long as your doctor prescribes it.
- You may take SINGULAR with food or without food.

How should I give SINGULAR oral granules to my child?

Do not open the packet until ready to use.

SINGULAR 4-mg oral granules can be given:

- directly in the mouth;
- dissolved in 1 teaspoonful (5 mL) of cold or room temperature baby formula or breast milk;
- mixed with a spoonful of one of the following soft foods at cold or room temperature: applesauce, mashed carrots, rice, or ice cream.

Be sure that the entire dose is mixed with the food, baby formula, or breast milk and that the child is given the entire spoonful of the food, baby formula, or breast milk mixture right away (within 15 minutes).

IMPORTANT: Never store any oral granules mixed with food, baby formula, or breast milk for use at a later time. Throw away any unused portion.

Do not put SINGULAR oral granules in any liquid drink other than baby formula or breast milk. However, your child may drink liquids after swallowing the oral granules.

What is the dose of SINGULAR?

For asthma—Take once daily in the evening:

- One 10-mg tablet for adults and adolescents 15 years of age and older,
- One 5-mg chewable tablet for children 6 to 12 years of age,
- One 4-mg chewable tablet or one packet of 4-mg oral granules for children 2 to 5 years of age, or
- One packet of 4-mg oral granules for children 12 to 23 months of age.

For exercise-induced asthma—Take at least 2 hours before exercise, but not more than once daily:

- One 10-mg tablet for adults and adolescents 15 years of age and older

For allergic rhinitis—Take once daily at about the same time each day:

- One 10-mg tablet for adults and adolescents 15 years of age and older,
- One 5-mg chewable tablet for children 6 to 14 years of age,
- One 4-mg chewable tablet for children 2 to 5 years of age,
- One packet of 4-mg oral granules for children 2 to 5 years of age with seasonal allergic rhinitis, or for children 6 months to 5 years of age with perennial allergic rhinitis.

What should I avoid while taking SINGULAR?

If you have asthma and if your asthma is made worse by aspirin, continue to avoid aspirin or other medicines called non-steroidal anti-inflammatory drugs while taking SINGULAR.

What are the possible side effects of SINGULAR?

The side effects of SINGULAR are usually mild, and generally did not cause patients to stop taking their medicine. The side effects in patients treated with SINGULAR were similar in type and frequency to side effects in patients who were given a placebo (a pill containing no medicine).

The most common side effects with SINGULAR include:

- stomach pain
- stomach or intestinal upset
- heartburn
- tiredness
- fever
- stuffy nose
- cough
- flu
- upper respiratory infection
- dizziness
- headache
- rash

Less common side effects that have happened with SINGULAR include:

- increased bleeding tendency
- allergic reactions (including swelling of the face, lips, tongue, and/or throat (which may cause trouble breathing or swallowing), hives and itching)
- behavior and mood related changes (agitation including aggressive behavior, bad/divid dreams, depression, feeling anxious, hallucinations (seeing things that are not there), irritability, restlessness, suicidal thoughts and actions (including suicide), tremor, trouble sleeping)
- drowsiness, pins and needles/numbness,

- seizures (convulsions or fits)
- palpitations
- nose bleed
- diarrhea, indigestion, inflammation of the intestines, nausea, vomiting
- hepatitis
- bruising
- joint pain, muscle aches and muscle cramps
- swelling

Rarely, asthmatic patients that include SINGULAR have experienced a condition that includes certain symptoms that do not go away or that get worse. These occur usually, but not always, in patients who were taking steroid pills by mouth for asthma and those steroids were being slowly lowered or stopped. Although SINGULAR has not been shown to cause this condition, **you must tell your doctor right away if you get one or more of these symptoms:**

- a feeling of pins and needles or numbness of arms or legs
- a flu-like illness
- rash
- severe inflammation (pain and swelling) of the sinuses (sinusitis)

These are not all the possible side effects of SINGULAR. For more information ask your doctor or pharmacist.

Talk to your doctor if you think you have side effects from taking SINGULAR.

General Information about the safe and effective use of SINGULAR

Medicines are sometimes prescribed for conditions that are not mentioned in patient information leaflets. Do not use SINGULAR for a condition for which it was not prescribed. Do not give SINGULAR to other people even if they have the same symptoms you have. It may harm them. **Keep SINGULAR and all medicines out of the reach of children.**

Store SINGULAR at 25°C (77°F). Protect from moisture and light. Store in original package.

This leaflet summarizes information about SINGULAR. If you would like more information, talk to your doctor. You can ask your pharmacist or doctor for information about SINGULAR that is written for health professionals.

What are the ingredients in SINGULAR?

Active ingredient: montelukast sodium

SINGULAR chewable tablets contain aspartame, a source of phenylalanine.

Phenylketonurics: SINGULAR 4-mg and 5-mg chewable tablets contain 0.674 and 0.842 mg phenylalanine, respectively.

Inactive ingredients:

- 4-mg oral granules: mannitol, hydroxypropyl cellulose, and magnesium stearate.
- 4-mg and 5-mg chewable tablets: mannitol, microcrystalline cellulose, hydroxypropyl cellulose, red ferric oxide, croscarmellose sodium, cherry flavor, aspartame, and magnesium stearate.
- 10-mg tablet: microcrystalline cellulose, lactose monohydrate, croscarmellose sodium, hydroxypropyl cellulose, magnesium stearate, hydroxypropyl methylcellulose, titanium dioxide, red ferric oxide, yellow ferric oxide, and carnauba wax.

What is asthma?

Asthma is a continuing (chronic) inflammation of the bronchial passageways which are the tubes that carry air from outside the body to the lungs.

Symptoms of asthma include:

- coughing
- wheezing
- chest tightness
- shortness of breath

What is exercise-induced asthma?

Exercise-induced asthma, more accurately called exercise-induced bronchoconstriction occurs when exercise triggers symptoms of asthma.

What is allergic rhinitis?

- Seasonal allergic rhinitis, also known as hay fever, is triggered by outdoor allergens such as pollens from trees, grasses, and weeds.
- Perennial allergic rhinitis may occur year-round and is generally triggered by indoor allergens such as dust mites, animal dander, and mold spores.
- Symptoms of allergic rhinitis may include:
 - stuffy, runny, and/or itchy nose
 - sneezing

Rx only
US Patent No.: 5,665,473

Issued July 2008

Distributed by:
MERCK & CO., INC.
Whitehouse Station, NJ 08889, USA
20950137(11/41)-SNG-CO

Pop Chart



Bruno twofer: **SACHA BARON COHEN** scams Ron Paul, Alabama National Guard. Maybe



Unwed Louisiana teenage mom **JAMIE LYNN SPEARS** considers country album



MACGYVER to return as feature film made solely out of dental floss and AAA batteries

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SHOCKINGLY PREDICTABLE

Patient Information
SINGLAIR® (SING-u-lair) Tablets, Chewable Tablets, and Oral Granules
Generic name: montelukast (mon-te-LOO-kast) sodium

9628414

Read this information before you start taking SINGLAIR®. Also, read the leaflet you get each time you refill SINGLAIR, since there may be new information in the leaflet since the last time you saw it. This leaflet does not take the place of talking with your doctor about your medical condition and/or your treatment.

What is SINGLAIR®?

- SINGLAIR is a medicine called a leukotriene receptor antagonist. It works by blocking substances in the body called leukotrienes. Blocking leukotrienes improves asthma and allergic rhinitis. SINGLAIR is not a steroid. Studies have shown that SINGLAIR does not affect the growth rate of children. (See the end of this leaflet for more information about asthma and allergic rhinitis.)

SINGLAIR is prescribed for the treatment of asthma, the prevention of exercise-induced asthma, and allergic rhinitis:

1. Asthma.

SINGLAIR should be used for the long-term management of asthma in adults and children ages 12 months and older.

Do not take SINGLAIR for the immediate relief of an asthma attack. If you get an asthma attack, you should follow the instructions your doctor gave you for treating asthma attacks.

2. Prevention of exercise-induced asthma.

SINGLAIR is used for the prevention of exercise-induced asthma in patients 15 years of age and older.

3. Allergic Rhinitis.

SINGLAIR is used to help control the symptoms of allergic rhinitis (sneezing, stuffy nose, runny nose, itching of the nose). SINGLAIR is used to treat seasonal allergic rhinitis (outdoor allergies that happen part of the year) in adults and children ages 2 years and older, and perennial allergic rhinitis (indoor allergies that happen all year) in adults and children ages 6 months and older.

Who should not take SINGLAIR?

Do not take SINGLAIR if you are allergic to SINGLAIR or any of its ingredients.

The active ingredient in SINGLAIR is montelukast sodium.

See the end of this leaflet for a list of all the ingredients in SINGLAIR.

What should I tell my doctor before I start taking SINGLAIR?

Tell your doctor about:

- Pregnancy:** If you are pregnant or plan to become pregnant, SINGLAIR may not be right for you.
- Breast-feeding:** If you are breast-feeding, SINGLAIR may be passed in your milk to your baby. You should consult your doctor before taking SINGLAIR if you are breast-feeding or intend to breast-feed.
- Medical Problems or Allergies:** Talk about any medical problems or allergies you have now or had in the past.
- Other Medicines:** Tell your doctor about all the medicines you take, including prescription and non-prescription medicines, and herbal supplements. Some medicines may affect how SINGLAIR works, or SINGLAIR may affect how your other medicines work.

How should I take SINGLAIR?

For adults and children 12 months of age and older with asthma:

- Take SINGLAIR once a day in the evening.
- Take SINGLAIR every day for as long as your doctor prescribes it, even if you have no asthma symptoms.
- You may take SINGLAIR with food or without food.
- If your asthma symptoms get worse, or if you need to increase the use of your inhaled rescue medicine for asthma attacks, call your doctor right away.
- Do not take SINGLAIR for the immediate relief of an asthma attack.** If you get an asthma attack, you should follow the instructions your doctor gave you for treating asthma attacks.
- Always have your inhaled rescue medicine for asthma attacks with you.
- Do not stop taking or lower the dose of your other asthma medicines unless your doctor tells you to.

For patients 15 years of age and older for the prevention of exercise-induced asthma:

- Take SINGLAIR at least 2 hours before exercise.
- Always have your inhaled rescue medicine for asthma attacks with you.
- If you are taking SINGLAIR daily for chronic asthma or allergic rhinitis, do not take an additional dose to prevent exercise-induced asthma. Speak to your doctor about your

treatment of exercise-induced asthma.

- Do not take an additional dose of SINGLAIR within 24 hours of a previous dose.

For adults and children 2 years of age and older with seasonal allergic rhinitis, or for adults and children 6 months of age and older with perennial allergic rhinitis:

- Take SINGLAIR once a day, at about the same time each day.
- Take SINGLAIR every day for as long as your doctor prescribes it.
- You may take SINGLAIR with food or without food.

How should I give SINGLAIR oral granules to my child?

Do not open the packet until ready to use.

SINGLAIR 4-mg oral granules can be given:

- directly in the mouth;
- 1 teaspoonful (5 mL) of cold or room temperature baby formula or breast milk;
- mixed with a spoonful of one of the following soft foods at cold or room temperature: mashed carrots, rice, or ice cream.

Be sure that the entire dose is mixed with baby formula, or breast milk and that I given the entire spoonful of the food, I breast milk mixture right away (within

IMPORTANT: Never store any oral granules with food, baby formula, or breast milk later time. Throw away any unused po

Do not put SINGLAIR oral granules in liquid drink other than baby formula or milk. However, your child may drink lic swallowing the SINGLAIR oral granu

What is the dose of SINGLAIR?

For asthma—Take once daily in the e

- One 10-mg tablet for adults and 15 years of age and older,
- One 5-mg chewable tablet for chil 14 years of age, or
- One 4-mg chewable tablet or one oral granules for children 2 to 5 ye
- One packet of 4-mg oral granules 12 to 23 months of age.

For exercise-induced asthma—Take before exercise, but not more than 1

- One 10-mg tablet for adults and 15 years of age and older

For allergic rhinitis—Take once daily same time each day:

- One 10-mg tablet for adults and 15 years of age and older,
- One 5-mg chewable tablet for chil 14 years of age, or
- One 4-mg chewable tablet for chil 5 years of age, or
- One packet of 4-mg oral granules 2 to 5 years of age with seasonal a or for children 6 months to 5 year perennial allergic rhinitis.

What should I avoid while taking SINC

If you have asthma and if your asthma worse by aspirin, continue to avoid as medicines called non-steroidal anti-in drugs while taking SINGLAIR.

What are the possible side effects of S

The side effects of SINGLAIR are us generally did not cause patients to sto medicine. The side effects in patients SINGLAIR were similar in type and fr effects in patients who were given a p containing no medicine).

The most common side effects with Si

include:

- stomach pain
- stomach or intestinal upset
- heartburn
- tiredness
- fever
- stuffy nose
- cough
- flu
- upper respiratory infection
- dizziness
- headache
- rash

Less common side effects that have happened with SINGLAIR include:

- increased bleeding tendency
- allergic reactions (including swelling of the face, lips, tongue, and/or throat (which may cause trouble breathing or swallowing), hives and itching)
- behavior and mood related changes (agitation including aggressive behavior, bad/vivid dreams, depression, feeling anxious, hallucinations (seeing things that are not there), irritability, restlessness, suicidal thoughts and actions (including suicidal), tremor, trouble sleeping)
- drowsiness, pins and needles/numbness,

- seizures (convulsions or fits)
- palpitations
- nose bleed
- diarrhea, indigestion, inflammation of the pancreas, nausea, vomiting
- hepatitis
- bruising
- joint pain, muscle aches and muscle cramps
- swelling

Rarely, asthmatic patients taking SINGLAIR have experienced a condition that includes certain symptoms that do not go away or that get worse. These occur usually, but not always, in patients who were taking steroid pills by mouth for asthma and those steroids were being slowly lowered or stopped. Although SINGLAIR has not been shown to cause this condition, **you must tell your doctor right away if you get one or more of these symptoms:**

- a feeling of pins and needles or numbness of arms or legs
- flu-like illness

- Seasonal allergic rhinitis, also known as hay fever, is triggered by outdoor allergens such as pollens from trees, grasses, and weeds.
- Perennial allergic rhinitis may occur year-round and is generally triggered by indoor allergens such as dust mites, animal dander, and/or mold spores.
- Symptoms of allergic rhinitis may include:
 - stuffy, runny, and/or itchy nose
 - sneezing

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Pop Chart



Bruno twofer: **SACHA BARON COHEN** scams Ron Paul, Alabama National Guard. Maybe people should start posting his photo around or something



MODEST MOUSE to release Heath Ledger-directed video



Chinese version of *Ugly Betty* a hit. Mostly, we think, because of **THIS POSTER**



Overprotective parents outraged at cynical tween **DORA** merchandising ploy



Commitment-phobic **JACK WHITE** starts third band



Russian-villain-looking **MICKEY ROURKE** to play Russian villain in *Iron Man 2*



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LEVI JOHNSTON on breakup: "It's just ... me not being mature enough"

SHOCKINGLY PREDICTABLE

Milestones



Natasha Richardson

ON STAGE AND SCREEN, SHE was an attention-grabbing presence, a figure of intelligence and allure. In British theater history, she was a noted member of a famous acting family, including grandfather Michael Redgrave and mother Vanessa Redgrave. At home in New York City, she was wife to actor Liam Neeson, mom to

Micheal, 13, and Daniel, 12.

And in her last days, lying unconscious in hospitals after a skiing accident in Quebec, Natasha Richardson was a symbol of life's fragility. She was 45.

Cast originally in pedigreed period roles by



producers hoping she'd be the next Vanessa, Richardson instead carved out her own niche playing riskier, more modern movie women. She was Patty Hearst in an oneiric 1988 biopic and a lone rebel against a sterile future society in *The Handmaid's Tale*.

But the stage was her true home. She shone as the doomed Swede Anna Christie in the Eugene O'Neill play, with future husband Neeson as her co-star; as one of the quartet of erotic flagellants

in the Broadway production of *Close*; and as a ferocious Sally Bowles in her Tony-winning *Cabaret* turn.

By the time of her obscenely early death, she was no longer the next Vanessa. She was her very own, very best Natasha Richardson.

—BY RICHARD CORLISS



Ron Silver

IT'S NOT HARD FOR ME TO remember Ron Silver's first day of work on *The West Wing*. It was a table read of the first episode of the fourth season, and Ron, who died March 15 at 62, had been cast in the role of Bruno Gianelli—campaign director for President Jed Bartlet's re-election bid. His

first line came about five minutes into the script, and as soon as he spoke, the 60 or so people in the room made an involuntary sound—you could hear people smile. This wasn't a Ron Silver impersonator; it was obviously Ron Silver. The one who was Rhoda's neighbor in the spin-off of *The Mary Tyler Moore Show* and the one who had blown the doors off the Barrymore Theatre in *Hurlyburly*. The one who'd played Joe Mantegna's foil in David Mamet's *Speed-the-Plow* (a role that won him a Tony Award in 1988) and the tortured and outrageous Alan M. Derшовitz in the 1990 film *Reversal of Fortune*.

You always wanted to be

Winning act
Silver played *Plow's* Charlie Fox



standing next to Ron between takes. He was either going to make you feel good about the work you were doing, or he was going to make you laugh—but usually both. He was always what we called a “generous actor”—someone who's there for the piece and not for himself.

On his last day of work on *The West Wing*, he conveyed to me the courtesy that's common in that situation: “I'd love to work with you again,” he said. I replied, “I'd love that too.” And, of course, I meant it. It won't happen now, after Ron lost his long battle with cancer—one of the few battles he ever lost. And television, the movies and the theater all have one less great and generous actor. —BY AARON SORKIN

Sorkin, a playwright and a writer for film and television, created the hit series The West Wing

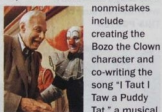
DIED With stars like Tito Puente and Celia Cruz under his wing, **Ralph Mercado, 67**, became the most influential concert promoter in the Latin



music world, spreading the salsa gospel to new audiences and venues, such as Lincoln Center and Carnegie Hall.

■ At 17, actress **Betsy Blair, 85**, married dance legend Gene Kelly at the start of a promising career that came to an abrupt halt when she was blacklisted. She made a comeback with an Oscar nomination for 1955's *Marty*.

■ Though he felt it was a mistake at the time, **Alan W. Livingston, 91**, brought the fledgling Beatles to the U.S. while president of Capitol Records. Some of his other



nonmistakes include creating the Bozo the Clown character and co-writing the song “I Taw I Taw a Puddy Tat,” a musical

dialogue between Tweety Bird and Sylvester the Cat.

■ His darkly comic novels, like *Cabot Wright Begins*, inspired some and baffled others. Still, **James Purdy, 94**, enjoyed writing stories that “bristled with impossibilities.”

RELEASED After serving half of a 14-year jail term, **Sara Jane Olson, 62**, member of the '70s radical group the Symbionese Liberation Army, was released on March 17. In 2002, Olson was convicted of trying to bomb Los Angeles police cars and for her role in a deadly bank robbery.

SENTENCED After lobbing his shoes at George W. Bush last December—during the then U.S. President's final official visit to Iraq—**Muntazer al-Zaidi, 30**, a journalist turned al-Qaeda hero, was sentenced to three years in jail on March 12. Al-Zaidi declared that his actions were patriotic and just.





Joe

Klein

Don't Panic. At least not yet. The Obama agenda is ambitious and complex, but he still deserves time to make it work

UNLIKE MANY OF MY COLLEAGUES in the mass media, I am suffering from outrage-deficit disorder. It's not that I'm not angry. I am, in fact, frustrated that we've civilized ourselves out of really satisfying scapegoat rituals: The ancients would have staged a mass immolation of the AIG casino pigs in their private jets or crucified Bernie Madoff on the 18th hole at the Palm Beach Country Club, preceded by a public show trial with Jon Stewart as chief magistrate. You probably need an over-the-top catharsis or two like that to get the popular rage under control. As it is, guilt and anger are being splashed about chaotically and inefficiently—and people like Barack Obama, who had nothing at all to do with the creation of this mess, are being blamed. That is very dangerous at a moment when there is a desperate need for patience and rationality.

Over the course of too many years in this business, I have discovered that my two worst sins are anger and impatience. Anger is a double-edged sword—sometimes it is entirely justified (as when directed against the shameless torture enabler Dick Cheney, who persists in fouling our public airwaves). Impatience, though, is a subtler problem, and it is chronic in the mass media. Indeed, it comes with the territory. There are columns to fill, commentaries to spew even when a new Administration has just begun its work and it is way too early to make definitive judgments about its policies. The worst judgments I've made as a journalist were the result of impatience. In early

1993—a moment not unlike this one—I joined the mob jumping all over the unseemly sausage-making that attended Bill Clinton's economic plan. Firmly fixated on twigs and branches—not even trees—I missed the forest: Clinton's budget discipline led to the economic boom of the 1990s.

And so, older and marginally wiser, I'm taking the path of least crankiness



in the early days of this new Administration. Sure, I'm worried that Obama isn't dealing decisively enough with the banking crisis—but, on the other hand, this is uncharted territory and maybe a cautious, case-by-case strategy will prove to be the right one. And yes, I'm worried that Obama is deferring a bit too much to the snails and toads (of both parties) in the Congress—but, on the other hand, savvy aides like Joe Biden, Rahm Emanuel and congressional liaison Phil Schilero will focus and massage the legislative packages that will be forthcoming. It is entirely possible, as this magazine surmised last week, that Obama has taken on too much, too soon. Or maybe not. The public hasn't even seen the benefits of the tax cuts that were embedded in the stimulus bill yet. The shovels are barely ready for the new infrastructure spending.

Patience requires a bit of distance, so let's stand back for a moment. Barack Obama was elected President because the governing philosophy of the last 30 years, arrant Reaganism, had proved itself bankrupt. Reaganism was distinguished by four characteristics—at least, according to its own mythology: the belief that government was "the problem" and so less of it was better, tax-cutting (for the wealthy), deregulation and an insistence on military strength as the primary projection of American authority overseas. These were, in some cases, fantasy attributes: After lowering taxes in 1981, Reagan raised them in 1982 and 1983. In many cases, especially deregulation—I'm talking about you, Lawrence Summers—Democrats were complicit in the excesses. In almost every case, a mild form of Reaganism was a plausible corrective for the Democratic excesses that had gone before. In a few cases, like Reagan's toughness toward the Soviet Union and in some forms of deregulation, it actually worked.

What Barack Obama pledged to do during the campaign—what he is trying to do now—is to change course on every one of these Reaganite assumptions. He believes that government must be part of the solution in areas like health insurance, education and energy policy. He will, eventually, restore Clinton-era levels of taxation on the wealthy. He will regulate the financial markets. Overseas, he has restored the primacy of diplomacy over the use or threat of military force.

Actually, Obama's foreign policy is illustrative of his overall philosophy. It is comprehensive and complicated. In the case of Pakistan, for example, it involves diplomatic suasion, economic aid, military aid and the discreet use of military force. It will not yield results overnight. It isn't as dramatic or easily judged as an invasion. It may not, in the end, prove the right course. But, as with Obama's economic policies, it will take time to assess fairly. And so, patience, please! We can feed Obama to the Limbaugh lions if he fails... Or maybe not, should he succeed. ■

Guilt and anger are being splashed about. That's dangerous at a moment when there is a desperate need for patience and rationality

How AIG Became Too Big to Fail

Years of unregulated and risky deals exposed the insurance giant to catastrophic losses. Now it's paying bonuses to the same people who helped create the mess. With our money. A look at why a dark corner of the global economy is costing U.S. taxpayers \$170 billion—and counting

BY BILL SAPORITO

TREASURY SECRETARY TIM GEITHNER had every reason to think he had seen all of AIG's dirty laundry. The government owned 80% of the company, and Geithner had just orchestrated AIG's most recent handout—its fourth, if you are keeping score, for \$30 billion on March 2—to prevent the teetering insurance giant from going over the cliff and taking the rest of the global financial system with it. AIG had already cost the taxpayers some \$170 billion, mostly to repair the damage done by one of its units, AIG Financial Products (AIG FP), which last year alone piled up \$40 billion in losses related to its dealings in complex mortgage bond derivatives.

Then Geithner's staff made the discovery that would infuriate nearly everyone in Washington. On March 10, the Secretary learned, 10 days after his staff first got wind of it, that AIG had paid out \$165 million in retention bonuses to executives at the

unit that compelled the U.S. to bail out the company in the first place. It took Geithner until 7:40 the next night to place what must have been a tense phone call to AIG's newish CEO, Ed Liddy. The bonuses were not tenable; they had to be canceled, he demanded. Liddy, a dollar-a-year man who took over the company after the bonuses had been promised, replied that AIG's lawyers had decided that the contracts could not be broken without even bigger costs to taxpayers. Geithner sent Treasury's lawyers searching for a way out, but they couldn't find one.

On the balance sheet of debacles caused by this economic crisis—the \$700 billion Troubled Asset Relief Program (TARP), the stock-market swoon, the credit crunch and the ongoing global recession—\$165 million is small change. But the revelations of the AIG bonuses, like nothing else, seemed to finally tip the mounting public furor over corporate malpractice into a full-scale re-

bellion. Yet Geithner, embarrassed for discovering the bonuses so late, plans to dock AIG that much out of the next \$30 billion in bailout funding when it is delivered—which amounts to a mere 0.1% of the total AIG has received. Assorted Senators, from New York Democrat Chuck Schumer to Montana Democrat Max Baucus and Iowa Republican Chuck Grassley, have proposed a number of tax and legal schemes to snatch back the bonus bucks from AIG FP executives—73 of whom got payouts of \$1 million or more, according to New York State attorney general Andrew Cuomo.

With all the political theater and populist grandstanding, though, the bigger issue has been obscured. And that is, just what is AIG doing with the \$170 billion? Does the company's strategy, which is to wind down its exposure to toxic assets and sell some of its profitable insurance divisions to help pay off the government debt, stand a good chance of succeeding? And if it does, will



the world avert financial Armageddon?

Those questions have taken on greater urgency, since it turns out that AIG has become the banking industry's ATM, essentially passing along \$52 billion of TARP money to an array of U.S. and foreign financial institutions—from Goldman Sachs to Switzerland's UBS. Those firms were counterparties to the credit-default swaps (CDSs) that AIG sold at least through 2005, and the companies were collecting on the insurance-like derivatives. AIG paid out an additional \$43.7 billion to many of the same banks, which were also customers of the securities-lending operation run out of AIG's insurance division. In this case, AIG managed to take a business specifically designed to be low risk, low return and amp it into another dicey venture—with taxpayers on the hook.

The outrage will pass, and when it does, we're going to have to focus on whether keeping AIG afloat is preventing a sharp recession from becoming a prolonged one. The reason AIG has cost taxpayers \$170 billion—and the reason the Obama Administration seemed willing, at least at first, to hold its nose and accede to bonuses for the company's managers—is that it's too big to fail. It's an often heard phrase, but what does it really mean?

The idea is that in a global economy so tightly linked that problems in the U.S. real estate market can help bring down Icelandic banks and Asian manufacturers, AIG sits at some of the critical switch points. Its failure, so the fear goes, would set off chains of others, rattling around the globe in short order. Although some critics say the fear is overblown and the

world economy could absorb the blow, no one seems particularly keen on testing that approach.

How We Got Here

AIG SEEMS AN UNLIKELY CANDIDATE FOR the company that could bankrupt the planet. Founded 90 years ago in Shanghai, AIG moved its headquarters to New York City as the world headed toward war in 1939. After Maurice R. (Hank) Greenberg took over in 1967, AIG consolidated its global empire. By the time Greenberg was forced out in an accounting scandal 38 years later, AIG had become one of the world's biggest public companies, with sales of \$113 billion in 2006 and 116,000 employees in 130 countries, from France to China.

AIG says it has written more than 81 million life-insurance policies, with a face value of \$1.9 trillion. It covers roughly 180,000 small businesses and other corporate entities, which employ approximately 106 million people. That makes AIG America's largest life and health insurer; second largest in property and casualty. Through its aircraft-leasing subsidiary, AIG owns more than 950 airline jets. Just for good measure, AIG is a huge provider of insurance to U.S. municipalities, pension funds and other public and private bodies through guaranteed investment contracts and other products that protect participants in 401(k) plans. "We have no choice but to stabilize [it] or else risk enormous impact, not just in the financial system but on the whole U.S. economy," said Fed Chairman Ben Bernanke.

The risk is not in any one business but in the connections among them and in the industries in which they compete. As AIG has pointed out in its own analysis, "The extent and interconnectedness of AIG's business is far-reaching and encompasses customers across the globe ranging from governmental agencies, corporations and consumers to counterparties. A failure of AIG could create a chain reaction of enormous proportion." Among other effects, it could lead to mass redemptions of insurance policies which would theoretically destabilize the industry; the withdrawal of \$12 billion to \$15 billion in U.S. consumer lending in a credit-short universe; and even damage airframe maker Boeing and jet-engine maker GE, since AIG's aircraft-leasing unit buys more jets than anyone else.

While AIG's holdings are diverse, nearly all its losses centered on AIG FP, which until March 2008 was led by its high-rolling president, Joseph Cassano, a tough-talking Brooklyn, N.Y., native who in the past eight years banked \$280 million in cash compensation, or exactly \$115 million more than the bonuses at the center of the current controversy. Cassano, who helped found



Deep Impact

In February, AIG circulated a report detailing how many people would be affected if the company were to go under.

The scare tactic worked. AIG insures 180,000 entities, which collectively employ 106 million people in the U.S. alone. Among the list are tens of thousands of farms, hospitals and nonprofits. Stimulus spending? AIG says it insures every major infrastructure project in America. Retirement savings? The company manages nearly 7 million accounts. AIG itself employs 116,000. Yet a few hundred from its Financial Services division devised the toxic derivatives jeopardizing AIG—and the rest of us.

BY STEPHEN GANDEL AND
BARBARA KIVIAT

MELTDOWN GLOSSARY

Credit-default swap

An insurance policy against a bond default. AIG sold fistfuls on mortgage-related securities that have collapsed in value

Counterparty

The company on the other side of a financial transaction. Bailout money has flowed to AIG counterparties such as U.S. and European banks

Securities-lending

Lending out holdings like bonds in exchange for a fee and cash—which AIG stashed in much too risky investments

Systemic risk

The chance that a problem in one part of the financial system will uncontrollably ripple to otherwise healthy parts

Bailout Pass-Along

Banks on the other end of AIG's financial trades have received billions of dollars owed to them, making them big beneficiaries of the firm's new funding

Goldman Sachs	\$12.9 billion
Société Générale	\$11.9 billion
Deutsche Bank	\$11.8 billion
Barclays	\$8.5 billion
Merrill Lynch	\$6.8 billion
Bank of America	\$5.2 billion
UBS	\$5.0 billion
BNP Paribas	\$4.9 billion
HSBC	\$3.5 billion
Dresdner Bank	\$2.6 billion

THE BUSINESSES

Spoiled by One Very Rotten Apple

Life Insurance

As many as 81 million people around the world have life insurance through AIG. Face value: \$2 trillion. Even in bad times, that's good business

Why it's a risk: While operating profits, which are what is shown in this chart, of the life-insurance business have held up, AIG has had bottom-line problems here due to bad bets in its securities-lending unit

2008 Earnings*

\$6.9 billion

Profit ▲
Loss ▼

Asset Management

AIG invests billions in premiums a year. It owns more U.S. corporate bonds than anyone else, and real estate around the world. AIG also manages \$165 billion in mutual funds and other accounts

Why it's a risk: The recession and rising corporate defaults spell trouble for these investments

\$429 million loss

General Insurance

From tornadoes to kidnap ransom, name a business risk and AIG insures it. Of the 500 largest companies in the world, 94% have policies with AIG

Why it's a risk: The profit margin is razor-thin. Last year, an 18% rise in claims wiped out the \$10 billion AIG had in profits in 2007

\$723 million loss

* Earnings and losses refer to operating income before net realized capital gains and losses

\$40.4 billion loss

Financial Services

This is the heart of the heart of darkness for AIG. The division wrote more than \$2.7 trillion in derivatives contracts. Investors used one kind—called credit-default swaps—to hedge against bonds going bad. Banks bought the swaps, reassured by AIG's AAA debt rating, to manipulate capital requirements. When the bonds AIG insured against started to tank and the insurer's own rating was cut, it all came crashing down

Why it's a risk: AIG is still on the hook for as much as \$300 billion in potential CDS losses. Yet the company has a book value of only \$50 billion. That means if AIG has to pay out on those contracts, it will go bankrupt six times over

OTHER INTERESTS

More Than an Insurance Company



Ski resort AIG's founder began Stowe Mountain Resort in Vermont in the 1940s



Soccer team AIG won't renew its Manchester (U.K.) United sponsorship



Airplanes International Lease Finance is one of the world's largest aircraft lessors



Real estate The firm owns or manages properties in more than 50 countries



Public outcry Protesters hold a rally outside AIG's L.A. offices. Speaking before Congress that same day, CEO Liddy said he asked executives to return at least half their bonus

the AIG FP unit in 1987, built his money machine not on anything fraudulent but on what's been described as regulatory arbitrage. As Bernanke explained recently, "AIG exploited a huge gap in the regulatory system. There was no oversight of the Financial Products division. This was a hedge fund, basically, that was attached to a large and stable insurance company."

That hedge-fund-like unit built up a portfolio of \$2.7 trillion in derivatives. AIG FP eagerly offered to insure billions of dollars in derivative portfolios, building up potential liabilities many times its capacity to pay out if the portfolios defaulted. Few financial experts ever imagined the scope of the impending defaults. Neither did regulators. AIG's uncollateralized insurance combine was regulated by Washington's Office of Thrift Supervision, whose task is to watch over savings and loan companies, not global insurers. And it wasn't watching.

AIG, like other institutions, was making a mint dealing in derivatives tied to the U.S. real estate market. The boom was financed in part by collateralized debt obligations (CDOs), securities based on subprime mort-

gages that have come to define *toxic asset*. Companies that held CDOs could offset their risk by buying CDSs from AIG FP. Or they could simply speculate with the instrument. It all worked fine until overbuilding by housing firms and overleveraging by consumers caused the bubble to burst. Which in turn caused the value of CDOs to plunge. Which caused holders of CDSs on such securities to demand payment from AIG.

Although a CDS is, in its simplest form, an insurance policy, AIG was selling something far more exotic. Say you buy a house and insure it. The insurer doesn't offer the same policy on your house to everyone else in the neighborhood; if it did and your house went up in flames, the insurer could get wiped out. In its CDS contracts, though, AIG wrote multiple insurance policies covering the same underlying package of increas-

ingly toxic assets. In essence, it was underwriting systemic risk. This is the opposite of what insurance companies are supposed to do: diversify risk across the universe of policyholders. "One thing about the insurance model: it relies on diversification as its means to exist," says a top exec at an AIG competitor. "If an insurance company plays in a field where they underwrite systemic risk, that's a totally different experience." Is it ever. Insurance companies can handle catastrophic risk but not systemic risk. That's why you can buy hurricane insurance from private companies but not terrorism insurance. Only a government can take on that risk. At its most basic, AIG took on colossal risks that it could not afford.

With its high credit rating, AIG FP wasn't required to stockpile reserves, or collateral, as traditional insurers must to cover potential losses. As the CDOs that AIG insured began to crater, the counterparties began asking for more collateral to back their policies, which was written into the contracts. Cassano said in August 2007 that he couldn't imagine a situation in which AIG would "lose one dollar in any of these transactions." He was right. AIG didn't lose a dollar; it lost billions of them.

In a rare interview, former CEO Greenberg, who is suing AIG and being sued by the company over financial-management

'Of course they were going to run out of money. It was a liquidity crisis, not a solvency crisis.'

—HANK GREENBERG, FORMER CEO OF AIG

issues, tells *TIME* that once the company lost its top credit rating, AIG FP should have stopped writing swaps and hedged, or reinsured, its existing ones. But Cassano's unit doubled down after the spring of 2005, writing more and more subprime-linked swaps as the ratings plunged, which made the possible need for collateral enormous in the event its debt was downgraded. The downgrades occurred in 2008. "Of course they were going to run out of money," says Greenberg. He adds that as the liquidity crunch hit in 2008, AIG FP should have renegotiated terms with the banks to ease their demands on collateral. "You can renegotiate almost anything, anytime."

Last September, with global stock markets collapsing and credit markets frozen, Geithner, then head of the New York Fed, and Bernanke believed AIG was too close to collapse to do anything other than stop the bleeding. Failure by AIG to pay might have threatened its counterparties—for instance, Citigroup and, in turn, Citi's counterparties. A bond or a derivative is, after all, a promise to pay someone, and if there is no confidence in its fulfillment, the financial system ceases to function. It is not a fear that has gone away simply because AIG has been stabilized.

Bailing Out the Bailed Out

KEEPING THE FINANCIAL SYSTEM FLUID might explain why so many banks got paid in full, which strikes some as a scandal way bigger than the bonus payouts. Many experts wondered why AIG paid 100 cents on the dollar. Among the biggest beneficiaries of the AIG pass-through, at \$12.9 billion, was Goldman Sachs, the investment-banking house that has been the single largest supplier of financial talent to the government. Critics have been quick to note—and not favorably—the almost uncanny influence of former Goldman executives. Initial phases of the rescue were orchestrated by ex-Goldman chairman Hank Paulson, who was recruited as Treasury Secretary in part by former White House chief of staff and Goldman senior exec Josh Bolten. Goldman's current boss, Lloyd Blankfein, was invited to participate in meetings with the Fed. AIG's Liddy is a former Goldman director and an ex-CEO of Allstate. Another alum, Mark Patterson, once a Goldman lobbyist, serves as chief of staff at the Treasury, while Neel Kashkari, who runs TARP, was a Goldman vice president.

Goldman has repeatedly declared that its exposure to AIG was "immaterial" and fully hedged. But some rivals point to the fact that Goldman had uncharacteristically piled into contracts with a single counterparty. "I am shocked that Goldman had this much exposure [with AIG],"

says an analyst at a competing bank. "This was a major failing, but they got bailed."

Goldman got bailed twice: first on its CDS exposure and a second time, to the tune of \$4.8 billion, for another AIG fiasco, losses on its securities-lending business.

Securities-lending is supposed to be a sort of Christmas club of high finance. Companies like insurers, which own tons of equities and Treasury bonds that they are holding long term, lend them out short term, often overnight, to borrowers who need the shares to fulfill other commitments. For instance, if hedge funds want to sell shares short, they borrow them, putting up cash collateral that includes a small spread to the lender. Typically, the owner of the shares takes that collateral and invests it in something with low risk and of

short duration, like commercial paper. The lender is exposed to some risk, but it usually isn't catastrophic. However, AIG took the collateral and invested in longer-term, higher-risk mortgage- and asset-backed securities. "Crap," as a portfolio lending expert describes them. When those securities crashed in value, so did AIG.

Between the CDS and securities-lending fiascos, AIG still has lots of work to do. Gerry Pasciucco, the new head of AIG FP, is working to whittle down AIG's trading book by \$1.1 trillion. Which raises the question, Does he really need those \$165 million bonus babies to finish the job? AIG says yes, because they know the trades and the system, but not everyone agrees. "This is an engineering problem," says Rick Bookstaber, a risk expert and the author of *A Demon of Our Own Design*, which predicted the predicament we're in. "Right now there are probably a million guys out there who can do it."

THE PLAYERS

Who's to Blame?

Finger-pointing is all the rage both inside the Beltway and out. So here we go, with our take on some of those culpable at AIG:



Hank Greenberg
Chairman 1968-2005

Built AIG into the world's largest insurance outfit, then was forced out amid an accounting investigation

INNOCENT GUILTY



Joseph Cassano
President, Financial Products 1987-2008 A founding member of the division that gorged on risky derivatives, now at the center of AIG's woes

INNOCENT GUILTY



Martin Sullivan
CEO 2005-08 The former co-CEO held that AIG's losses were "manageable" even as the firm unraveled

INNOCENT GUILTY



Ed Liddy
CEO 2008-present The former Allstate CEO took the AIG job for nearly no money but has been the target of ire over worker bonuses

INNOCENT GUILTY

The Great Clawback

HOW WAS AIG ABLE TO LIVE SO DANGEROUSLY for so long? In part because for years Washington looked the other way. The company befriended politicians with campaign cash—\$9.3 million divided evenly between Democrats and Republicans from 1990 to 2008, the Center for Responsive Politics reported. And it spent more than \$70 million to lobby them over the past decade, escaping the kind of regulation that might have prevented the current crisis.

The fact that AIG was in Washington long before the current Administration hasn't spared the Obama team from criticism over the recent bonus payouts. The main target for the opprobrium is Geithner. He still enjoys the confidence of U.S. allies abroad and understands the deeply complicated world of global finance far better than the lawmakers who may soon write new legislation to regulate it. But he has not been a strong public face for a government that needs to project confidence. He has been slow to staff his department, hampering the Administration's ability to react to the crisis—and possibly helping explain Treasury's leaden-footed reaction to the AIG bonuses, which were first reported in January. A former Treasury official blames Geithner for a "strategic hesitation that has really affected the confidence index, not just in the financial marketplace but in the political marketplace." A veteran Washington Democrat was more direct: "He's not a wartime consigliere."

Geithner's backers note that he took over an office that was drowning in crises and has had to address failing banks; impossible-to-price toxic securities; a continuing auto-bailout program; woes at Citigroup,

AIG and other financial houses; a housing crisis; and an upcoming G-20 summit all at the same time. Even his detractors admit that the to-do list is the deepest any Treasury boss has faced in 80 years.

Which helps explain why, at least for now, Geithner benefits from a rare bipartisan agreement. Republicans have largely been reluctant to scare away a Treasury chief who has roots in the Bush era and understands their benefactors' core businesses; Democrats are even more reluctant to publicly criticize the President's choice at a moment of economic peril. "I have complete confidence in Tim Geithner and my entire economic team," Barack Obama said. "He is making all the right moves in terms of playing a bad hand." Still, a longtime Treasury observer says, "his margin for error has been reduced."

Geithner's failure to reckon quickly with the existence of large retention bonuses for AIG employees in the Financial Products division is perplexing. On Jan. 27, Bloomberg News reported that AIG has offered "about \$450 million in retention pay" to the AIG FP staff, a program that AIG confirmed. Representative Elijah Cummings, a Maryland Democrat, knew

Stress test Treasury boss Geithner faces crises in autos, housing, banking and securities and has come under fire for missteps along the way

about the bonuses two weeks earlier, on Jan. 15, when he met with Liddy, and the Congressman never kept his displeasure secret. Nor was he alone in raising alarms. In January, Richard Shelby, the ranking Republican on the Senate Banking Committee, called the bonuses a "waste of taxpayer money."

But Geithner, who was overseeing the AIG rescue effort with the Federal Reserve, says he had no idea until March 10 that more bonuses were in the pipeline for AIG FP. The President found out two days later, igniting an internal firestorm of White House indignation as officials scrambled to stem the public-relations damage. And now both the White House and Congress are determined to limit the pay packets of executives of any company that is getting TARP money or other government assistance.

There are proposals in Congress to reverse some of the bonuses through legislation, and Liddy called on executives to spit back half their bonus. Some have done so. The program for 2009 has already been pared. That my placate, for now, Main Street constituents who want to get back at those overpaid Wall Street types.

But, considering the risks still infecting the system, the clawback is pointless. Geithner and Bernanke have way more important things on their plate. Did we men-

tion the economy, with unemployment headed toward 10%? And the upcoming G-20 meeting that has the U.S. and Europe at odds over what to do first—regulate the global economy or stimulate it? Nor will the albatross of AIG be removed from the government's neck anytime soon. Liddy said his goal is to restructure AIG's core businesses into "clearly separate, independent" companies that are "worthy of investor confidence." AIG has "made meaningful progress," but the company is still at the mercy of the economy. In the businesses it wants to keep, like commercial insurance, competitors sense an opportunity to grab market share. For the assets it wants to sell, there are few buyers. What remains is still a huge, vulnerable company.

Lastly, the Obama Administration will need perhaps \$750 billion in new funding merely to stabilize U.S. banks, which it hopes will be enough to ease the credit markets, stimulate lending and get the economy moving again. There's no telling what kind of political wrangling will happen over that, but one thing seems certain: if you are an executive of a bank that gets federal money, it wouldn't be a smart idea to count on a bonus. —WITH REPORTING

BY MASSIMO CALABRESI, MICHAEL DUFFY, JAY NEWTON-SMALL, MICHAEL SCHERER, MARK THOMPSON, MICHAEL WEISSKOPF AND ADAM ZAGORIN/WASHINGTON ■





Extra Money

To read Justin Fox's daily take on business and the economy, go to time.com/the-curiouscapitalist



The Upside of Anger

Let's channel the AIG-bonus outrage into a real fix: a tax code that makes messmakers pay

THE \$165 MILLION IN BONUS PAYMENTS sent out in mid-March to executives and traders at AIG's Financial Products subsidiary (also known as AIG FP, or the people who tried to bankrupt the world) is an "outrage," President Barack Obama has said. His top economic adviser, Larry Summers, called the AIG saga the "most outrageous" of the current financial crisis. "It's an outrageous situation," agreed Senate Banking Committee chairman Chris Dodd claimed to have warned Treasury Secretary Tim Geithner that the bonuses would be met "with an unprecedented level of outrage."

It's heartening to see that at a time when so many things—credit, confidence, consumer demand—are in short supply, our political leaders are still able to muster such bounteous supplies of outrage. Outraged people often do dumb things, though, and my initial reaction to the many declarations of fury was to roll my eyes and mutter something about this being a trivial distraction from the Important Things we need to be dealing with. (I suspect that similar sentiments on the part of Geithner and Summers largely explain their politically tone-deaf handling of the bonus affair.)

Then I reconsidered. A Wells Fargo sales trip to Vegas—to name another recent, and recently canceled, source of Washington outrage—is a triviality. The AIG bonuses, on the other hand, are emblematic of the heads-I-win-tails-you-lose

nature of Wall Street pay. This incentive structure was a major cause of our current crisis. It is an Important Thing, and the danger in the current Washington frenzy to do something is not that it will go too far but that it won't go far enough.

The AIG bonuses were retention payments promised early last year, when it was clear that London-based AIG FP was in trouble but not yet apparent that its parent company wouldn't survive

That is outrageous. But it's not any more outrageous than the even bigger bonuses paid out in past years to the masterminds of the AIG FP mess who no longer happen to work there. Slightly less so, in fact: the remaining AIG FP employees are being paid essentially to work themselves out of jobs by winding down all the unit's contracts. It's an awkward situation that means at least some of them probably would

have gotten retention pay even in bankruptcy.

Members of Congress are talking up bills to levy a 90% or 100% tax on current bonuses at AIG and other financial-industry wards of the state. But if such selective tax increases are constitutional—and it appears that they can be—another approach would make far more sense (I am brazenly stealing it from financial blogger Steve Randy Waldman): impose a less punitive (50%?) but retroactive tax on the past four years of bonuses above a certain amount (\$1 million?) paid out by any financial institution that receives a bailout. That is, spread the net wider to catch the real culprits, and use tax policy to change incentives in the financial industry forever.

The retroactive tax would hit people who had nothing to do with the bets that pulled their firms under—but that's not all bad, because in the future it would give executives reason to keep a close eye on risks being taken elsewhere in their companies. Yeah, there are complications—the main one being that lots of highly paid employees of AIG, Citigroup and the like are overseas and not subject to U.S. taxes. But it's worth a try. If nothing else, it would give the outraged American electorate the sense that the responsible parties are paying for something closer to their fair share of the financial bailout. Which would allow us all to get back to the Important Things that Larry Summers and Tim Geithner (and I) would rather focus on.



without \$170 billion (and counting) in taxpayer aid. Without that aid, AIG would have gone bankrupt in September and the bonus promises would have been torn up. AIG was not allowed to go bankrupt because Lehman Brothers had just failed and the people at the Treasury Department and the Federal Reserve worried (with reason) that another failure—in particular, the failure of a firm that wrote default insurance for banks around the world—might wipe out the global financial system and unleash an economic catastrophe far worse than what we're going through now. In short, the people at AIG FP, the very division that wrote the default-insurance contracts that dug AIG into such a hole, got their bonuses by holding the global economy hostage.

The AIG bonuses are emblematic of the heads-I-win-tails-you-lose nature of Wall Street pay, which was a major cause of our current crisis

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A New Era of Service

During this economic crisis, the President says, the need for an army of volunteers is more urgent than ever

I STARTED MY CAREER MORE THAN TWO decades ago as a community organizer on the South Side of Chicago, working with churches to help neighborhoods that had been devastated by plant closings. Block by block, we fought to create job-training programs, improve housing conditions and help people live their lives with some measure of dignity. And eventually, I realized that I wasn't just helping other people—through service, I also found a community that embraced me, a church to belong to and the direction I'd been seeking. Through service, I found that my own story fit into a larger American story.

It's an experience that Americans of all ages and backgrounds have every day on battlefields and in classrooms, food pantries and even corporate boardrooms. Last year 62 million Americans gave 8 billion hours of service. Back in January, I joined with Colin Powell to ask Americans to give back on Martin Luther King Jr. Day; the result was the largest ever turnout for that day of service.

For decades, leaders from both parties have sought to promote that ethic of service: President Richard Nixon expanded opportunities for senior citizens to serve; President George H.W. Bush called for volunteers to serve as "points of light" in their communities; President Bill Clinton established the Corporation for National and Community Service. And on Sept. 11, 2008, in the midst of a spirited general-election campaign, Senator John McCain and I put aside our differences and came together in New York City to issue a joint call to public service. It was an important reminder that while our politics is

often focused on what divides us, there is much more that unites us.

In this spirit, Congress is now poised to send me bipartisan legislation—the Serve America and GIVE Acts—that, if passed, will usher in a new era of service in this new century.

This legislation will help connect people at all stages of life with opportunities to serve. It will establish an army of 250,000 Americans a year who are willing to serve part time or full time working to meet our most pressing challenges, from modernizing our

ple are in need of help, this work could not be more urgent.

But we know that government alone is not the answer to the challenges we face. Yes, our government must rebuild our schools, but we also need people to serve as mentors and tutors in those schools. Yes, our government must modernize our health-care system, but we also need people to volunteer in our hospitals and communities to care for the sick and help people lead healthier lives. Yes, our government must maintain the finest military in the history of

the world, but that is only possible if brave men and women across America sign up to serve in that military.

And while our government can provide every opportunity imaginable for us to serve our communities, it is up to each of us to seize those opportunities. To do our part to lift up our fellow Americans. To realize our own true potential by hitching our wagon to something bigger than ourselves.

In the end, I have no illusions about the magnitude

of the challenges we face. But I have no doubt that we can meet them if we each do our part. So I urge you to get involved, right now, at this defining moment in history. I'm not going to tell you what your role should be; that's for you to discover. And I won't promise that it will always be easy or that you'll accomplish all your goals all at once.

But as I learned in the shadow of an empty steel plant more than two decades ago, while you can't necessarily bend history to your will, you can do your part to see that, in the words of Dr. King, it "bends toward justice." So I hope that you will stand up and do what you can to serve your community, shape our history and enrich both your own life and the lives of others across this country.



VIP volunteer Obama lends a hand at Sasha Bruce Youthwork in Washington on Jan. 19

schools to building homes for those in need. And this legislation will provide new support for social entrepreneurship, identifying and nurturing promising new service programs around the country.

Members of Congress from across the political spectrum—from Senators Orrin Hatch and Mike Enzi and Representative Howard (Buck) McKeon to Senators Ted Kennedy and Barbara Mikulski and Representative George Miller—have pledged their support for this legislation. I urge Congress to follow their lead and move quickly to pass it so that I can sign it into law. And I pledge that my Administration will also do its part to help more Americans serve their communities. At this time of economic crisis, when so many peo-

Through service, I found the direction I'd been seeking. I found that my own story fit into a larger American story

Islam's Soft Revolution

Across the Muslim world, a new generation of activists, bloggers and preachers is discovering ways to synthesize Islam and modernity

BY ROBIN WRIGHT

THREE DECADES AFTER IRAN'S upheaval established Islamic clerical rule for the first time in 14 centuries, a quieter and more profound revolution is transforming the Muslim world. Dalia Ziada is a part of it.

When Ziada was 8, her mother told her to don a white party dress for a surprise celebration. It turned out to be a painful circumcision. But Ziada decided to fight back. The young Egyptian spent years arguing with her father and uncles against the genital mutilation of her sister and cousins, a campaign she eventually developed into a wider movement. She now champions everything from freedom of speech to women's rights and political prisoners. To promote civil disobedience, Ziada last year translated into Arabic a comic-book history about Martin Luther King Jr. and distributed 2,000 copies from Morocco to Yemen.

Now 26, Ziada organized Cairo's first human-rights film festival in November. The censorship board did not approve the films, so Ziada doorknocked its chairman at the elevator and rode up with him to plead her case. When the theater was suspiciously closed at the last minute, she rented a tourist boat on the Nile for opening night—waiting until it was offshore and beyond the arm of the law to start the movie.

Ziada shies away from little, including the grisly intimate details of her life. But she also wears a veil, a sign that her religious faith remains undimmed. "My ultimate interest," she wrote in her first

blog entry, "is to please Allah with all I am doing in my own life."

That sentiment is echoed around the Muslim world. In many of the scores of countries that are predominantly Muslim, the latest generation of activists is redefining society in novel ways. This new soft revolution is distinct from three earlier waves of change—the Islamic revival of the 1970s, the rise of extremism in the 1980s and the growth of Muslim political parties in the 1990s.

Today's revolution is more vibrantly Islamic than ever. Yet it is also decidedly antijihadist and ambivalent about Islamist political parties. Culturally, it is deeply conservative, but its goal is to adapt to the 21st century. Politically, it rejects secularism and Westernization but craves changes compatible with modern global trends. The soft revolution is more about groping for identity and direction than expressing piety. The new revolutionaries are synthesizing Koranic values with the ways of life spawned by the Internet, satellite television and Facebook. For them, Islam, you might say, is the path to change rather than the goal itself. "It's a nonviolent revolution trying to mix modernity and religion," Ziada says, honking as she makes her way through Cairo's horrendous traffic for a meeting of one of the rights groups she works with.

The new Muslim activists, who take on diverse causes from one country to another, have emerged in reaction to the Sept. 11 attacks and all that has happened since. Navtej Dhillon, director of the

The New Islamic Revolution

For more of Olivia Arthur's photographs, go to time.com/cairo

A View from Cairo

Girls play on the fairground rides at the Gezira Youth Center in Zamalek on their weekend. Today's revolution is culturally conservative, but its goal is to adapt to the 21st century







How to Wear A Hijab

1 At a store in Cairo, an assistant places a white scarf of nontransparent material directly on the head of another assistant, ensuring that the fabric hang loose. **2** The final outer layer of color is added. **3-10** Finally, she puts a draped scarf around the neck. Since the fashionable

Brookings Institution's Middle East Youth Initiative, says, "There's a generation between the ages of 15 and 35 driving this soft revolution—like the baby boomers in the U.S.—who are defined by a common experience. It should have been a generation outward looking in a positive way, with more education, access to technology and aspirations for economic mobility." Instead, he says, "it's become hostage to post-9/11 politics." Disillusioned with extremists who can destroy but who fail to construct alternatives that improve daily life, members of the post-9/11 generation are increasingly relying on Islamic values rather than on a religion-based ideology to advance their aims. And importantly, the soft revolution has generated a new self-confidence among Muslims and a sense that the answers to their problems lie within their own faith and community rather than in the outside world. The revolution is about reform in a conservative package.

Text-Messaging The Koran

THE SOFT REVOLUTION is made concrete in hundreds of new schools from Turkey to Pakistan. Its themes echo in Palestinian hip-hop, Egyptian Facebook pages and the flurry of Koranic verses text-messaged between students. It is reflected in Bosnian streets honoring Muslim heroes and central Asian girls named after the holy city of Medina. Its role models are portrayed by action figures, each with one of the 99 attributes of God, in Kuwaiti comic books. It has even changed slang. Young Egyptians often now answer the telephone by saying "Salaam alaikum"—"Peace be upon you"—instead of "Hello." Many add the tagline "bi izn Allah"—"if God permits"—when discussing everything from the weather to politics. "They think they're getting a bonus with God," muses Ziada.

Even in Saudi Arabia, the most rigid Muslim state, the soft revolution is trans-

forming public discourse. Consider Ahmad al-Shugairi, who worked in his family business until a friend recruited him in 2002 for a television program called *Yallah Shabab* (Hey, Young People). Al-Shugairi ended up as the host. Although he never had formal religious training, al-Shugairi quickly became one of the most popular TV preachers, broadcast by satellite to an audience across the Middle East and watched on YouTube. "The show explained that you could be a good Muslim and yet enjoy life," says Kaswara al-Khatib, a former producer of *Yallah Shabab*. "It used to be that you could be either devout or liberal, with no middle ground. The focus

had been only on God's punishment. We focused on God's mercy."

In 2005, al-Shugairi began a TV series called *Thoughts* during the holy month of Ramadan, focusing on the practical problems of contemporary Muslim life, from cleanliness to charity. Sometimes clad in jeans and at other times a white Saudi robe and headdress, he often speaks informally from a couch. "I'm not reinventing the wheel or the faith," al-Shugairi explains in Jidda's Andalus Café, which he opened for the young. "But there is a need for someone to talk common sense."

Al-Shugairi's own life mirrors the experimentation and evolution of many



The blogger Mostafa Nagar, seen here in his dental clinic in the Nasr City district of Cairo and talking with other bloggers at a coffee shop, left, is part of a renaissance in Islamic thinking



6 of the hair is concealed, thus providing a modest foundation for the colorful scarves that follow. 7-10 She pins on the layers of scarves at careful angles, letting "Spanish wrap" does not wrap around the front as the typical hijab does, this final step is required to ensure modesty

young Muslims. In the 1990s, he says, he bounced from "extreme pleasure" as a college student in California to "extreme belief." The shock of Sept. 11, an attack whose perpetrators were mostly Saudi, steered him to the middle.

Traditional clerics deride al-Shugairi, 35, and other televangelists for preaching "easy Islam," "yuppie Islam," even "Western Islam." But his message actually reflects a deepening conservatism in the Islamic world, even as activists use contemporary examples and modern technology to make their case. One of al-Shugairi's programs on happiness focused on Elvis Presley, a man with fame, talent and fortune but who died

young. Life without deep spirituality, al-Shugairi preaches, is empty.

The soft revolution's voices are widening the Islamic political spectrum. Mostafa Nagar, 28, an Egyptian dentist, runs a blog called Waves in the Sea of Change, which is part of an Internet-based call for a renaissance in Islamic thinking. Yet Nagar belongs to the Muslim Brotherhood, the largest Islamist movement in the Middle East. His blog launched a wave of challenges from within the Brotherhood to its proposed manifesto, which limits the political rights of women and Christians. Nagar called for dividing the religious and political wings of the movement, a

nod to the separation of mosque and state, and pressed the party to run technocrats rather than clerics for positions of party leadership and public office.

When Nagar and his colleagues were urged to leave the Brotherhood, they decided to stay. "As a public party," he says, "its decisions are relevant to the destiny of all Egyptians, so their thoughts should be open to all people." And indeed, his blog—and other criticism from the movement's youth wing—has caused the manifesto to be put on ice.

The flap underscores an emerging political trend. Since 9/11, polls have consistently shown that most Muslims do not want either an Iranian-style theocracy or a Western-style democracy. They want a blend, with clerics playing an advisory role in societies, not ruling them. As a consequence, Islamist parties are now under intense scrutiny. "Islamists, far from winning sweeping victories, are struggling to maintain even the modest gains they made earlier," says a recent survey by the Carnegie Endowment for International Peace. In Iraq's recent elections, for example, secular parties solidly trumped the religious parties that had fared well four years ago.

Rethinking Tradition

POLITICS IS NOT THE ONLY FOCUS OF THE soft revolution. Its most fundamental impact, indeed, may be on the faith itself.

In the shadows of Kocatepe Mosque in Ankara, Turkey, a team of 80 Turkish scholars has been meeting for the past three years to ponder Muslim traditions dating back 14 centuries. Known as the hadith, the traditions are based on the actions and sayings of the Prophet Muhammad and dictate behavior on everything from the conduct of war to personal hygiene.

Later this year, the Turkish scholars are expected to publish six volumes that reject thousands of Islam's most contro-



Activist in a veil Dalia Ziada organized Cairo's first human-rights film festival. She had to hire a Nile tourist boat when the theater she had rented was suspiciously closed at the last minute

versal practices, from stoning adulterers to honor killings. Some hadith, the scholars contend, are unsubstantiated; others were just invented to manipulate society. "There is one tradition which says ladies are religiously and rationally not complete and of lesser mind," says Ismail Hakki Unal of Ankara University's divinity school, a member of the commission. "We think this does not conform with the soul of the Koran. And when we look at the Prophet's behavior toward ladies, we don't think those insulting messages belong to him." Another hadith insists that women be obedient to their husbands if they are to enter paradise. "Again, this is incompatible with the Prophet," Unal says. "We think these are sentences put forth by men who were trying to impose their power over the ladies."

The Hadith Project is only one of many such investigations into Islam's role in the 21st century. This is perhaps the most intellectually active period for the faith since the height of Islamic scholarship in the Middle Ages. "There is more self-confidence in the Islamic world about dealing with reason, constitutionalism, science and other big issues that define modern society," says Ibrahim Kalin of the Foundation for Political, Economic and Social Research in Ankara. "The West is no longer the only worldview to look up to. There are other ways of sharing the world and negotiating your place in it."

Crucially, this latest wave of Islamic thought is not led only by men. Eman el-Marsafy is challenging one of the strictest male domains in the Muslim world—the mosque. For 14 centuries, women have largely been relegated to small side rooms for prayer and excluded from leadership. But el-Marsafy is one of hundreds of professional women who are memorizing the Koran and is even teaching at Cairo's al-Sadiq Mosque. "We're taking Islam to the new world," el-Marsafy says. "We can do everything everyone else does. We want to move forward too."

The young are in the vanguard. A graduate in business administration and a former banker, el-Marsafy donned the hijab when she was 26, despite fierce objections from her parents. (Her father was an Egyptian diplomat, her mother a society figure.) But last year, el-Marsafy's mother, now in her 60s, began wearing the veil too. That is a common story. Forty years ago, Islamic dress was rare in Egypt. Today, more than 80% of women are estimated to wear the hijab, and many put it on only after their daughters did.

Piety alone is not the explanation for the change in dress. "The veil is the mask of Egyptian woman in a power struggle

against the dictatorship of men," says Nabil Abdel Fattah of Cairo's al-Ahram Center for Political and Strategic Studies and author of *The Politics of Religion*. "The veil gives women more power in a man's world." Ziada, the human-rights activist, says the hijab—her headscarves are in pinks, pastels, floral prints and plaids, not drab black—provides protective cover and legitimacy for her campaigns.

Waiting for Obama

THE FERMENT IN THE MUSLIM WORLD has a range of implications for President Barack Obama's outreach to Islam. Gallup polls in Islamic societies show that large majorities both reject militants and have serious reservations about the West.



Lovers' bridge Young couples from the text-messaging generation congregate in the evening on Cairo's Qasr el-Nil Bridge

"They're saying, 'There's a plague on both your houses,'" says Richard Burkholder Jr., director of Gallup's international polls. Many young Muslims are angry at the outside world's support of corrupt and autocratic regimes despite pledges to push for democracy after 9/11. "Most of the young feel the West betrayed its promises," says Dhillon, of the Brookings Institution. Muslims fume that a few perpetrators of violence have led the outside world to suspect a whole generation of supporting terrorism. "The only source of identity they have is being attacked," Dhillon says. The post-9/11 generation has been further shaped by wars in Afghanistan, Iraq, Lebanon and Gaza, all of which Washington played a direct or indirect role in.

Although he is the first U.S. President to have lived in the Muslim world and to have Muslim relatives and a Muslim middle name, Obama is likely to face skepticism even among those who welcomed

his election. In an open letter on the day of his Inauguration, the 57-nation Organization of the Islamic Conference appealed for a "new partnership" with the Obama Administration. "Throughout the globe, Muslims hunger for a new era of peace, concordance and tranquility," wrote Ekmeleddin Ihsanoglu, secretary-general of the conference. He then pointedly added, "We firmly believe that America, with your guidance, can help foster that peace, though real peace can only be shared—never imposed."

That is the key. Gallup polls show that by huge margins, Muslims reject the notion that the U.S. genuinely wants to help them. The new Administration, with a fresh eye on the world, wants to bolster the position of the U.S. But "Obama will have a narrow window to act," says Burkholder, "because the U.S. has failed so often in the past."

Ask Naif al-Mutawa, a clinical psychologist from Kuwait. Al-Mutawa is the publisher of *The 99*, glossy comic books popular from Morocco to Indonesia, with 99 male and female superheroes, each imbued with godly qualities such as mercy, wisdom and tolerance. In a recent article for the *Chicago Tribune*, Obama's hometown paper, al-Mutawa recounted a conversation with his father about his newborn son. Al-Mutawa's grandfather had recently died, and he expected his father to ask him to keep the name in the family. Instead, his father suggested the child be named after Obama. "I was stunned," al-Mutawa wrote. "Instead of asking me to hold on to the past, my conservative Arab Muslim father was asking me to make a bet on the future."

But al-Mutawa opted against it. "I want to see results, not just hope, before naming my children after a leader," he wrote. Such pragmatism is typical of the Muslim world's soft revolutionaries. They believe that their own governments, the Islamist extremists and the outside world alike have all failed to provide a satisfying narrative that synthesizes Islam and modernity. So they are taking on the task themselves. The soft revolution's combination of conservative symbols, like Islamic dress, with contemporary practices, like blogging, may confuse outsiders. But there are few social movements in the world today that are more important to understand. ■

Wright's most recent book is *Dreams and Shadows: The Future of the Middle East*

“I live by a code that...
it's the company first,
the employees second,
and you're last.”

— MARK HURD, CEO, HP as quoted in Fortune's 3.16.09 issue



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How to End The War Over Sex Ed

Teaching kids just about abstinence won't prevent teen pregnancies—and neither will focusing solely on safe sex. But one county in South Carolina is finding success by doing both

BY AMY SULLIVAN/ANDERSON

JEWELS MORRIS-DAVIS IS A NONSENSE kind of girl. When the high school sophomore turned 16 recently, she didn't celebrate with any *My Super Sweet 16* foolishness. Nor did she rush to get her driver's license and race around the back roads in this rural northwest corner of South Carolina. But Jewels did quietly revel in one achievement. "I am," she says a few weeks later, a proud smile spreading across her face, "the first person in my family to reach 16 without getting pregnant—or getting somebody pregnant."

Five years ago, Jewels was firmly on track to continue the family tradition of early parenthood. Her mother is a drug addict, and the grandmother who raised her had just died of cancer. Shifted to a foster home, Jewels turned to sex to find the love and attention her absent family couldn't provide. "I was lost," she says simply.

South Carolina is the only state in the country that mandates a certain number of hours that schools must devote to sexuality education. In 2004, Jewels' school district in Anderson County decided to do even more. The district partnered with a local teen-pregnancy-prevention organization to implement an innovative relationship and sex-education curriculum that runs through all three years of middle school and into high school, as well as an after-school program for at-risk kids. And that's when the life of Jewels Morris-Davis began to turn around.

Later this spring, Congress will dive once more into the war over sex education when it decides whether to eliminate \$176 million in federal funding for so-called abstinence-only programs, which instruct kids to delay sex until marriage. Advocates will debate at top volume the merits of abstinence-only efforts vs. more comprehensive programs that also teach about birth control and sexually transmitted infections (STIs).

These arguments miss the point. We now have a pretty good sense of which sex-education approaches work. Substantial research—including a 2007 Bush Administration report—has concluded that comprehensive programs are most effective at changing teen sexual behaviors. They are also largely uncontroversial outside Washington. Vast majorities of parents favor teaching comprehensive sex education.

What we haven't seen is the political

Teen birthrates are rising again after a 15-year drop. Yet we now have a good sense of which types of sex education work

Straight talk Jewels Morris-Davis, with infant simulator, was on track to be a teen-pregnancy stat until she walked into Kristen Jordan's sex-ed class

will and community investment necessary to educate kids about sexuality and healthy relationships in a truly responsible and honest way. The program that helped Jewels provided her with information about birth control and encouraged her to try abstinence. But more important, it didn't end after two weeks, giving her and other students a safe space to return to for answers and advice. It is a model of what can happen when a community decides that it's crazy to spend more time teaching kids about decimals and fractions than about dating and sex.

TEEN-PREGNANCY AND BIRTH RATES in the U.S. continue to look like an epidemic compared with those in other Western countries. In 2006 there were 41.9 births for every 1,000 U.S. teens ages 15 to 19, a rate more than three times that of Canada (13.3 per 1,000). But the U.S. numbers have dropped dramatically since the early 1990s. Over the past 15 years, teenagers have had less sex than previous generations had, and they have been more likely to use protection when they have had sex. Activists on both the right and the left have happily stepped forward to claim credit for the developments. Conservatives see lower rates of sexual activity as a direct result of abstinence



education. Meanwhile, liberals attribute greater use of birth control to better education about and access to contraceptives. (In fact, researchers think fear of STIs—especially HIV—and a natural correction from high rates of sexual activity during the sexual revolution explain much of the change.)

South Carolina has reflected the overall trend of falling teen-sex statistics: birthrates in the state fell 27% from 1991 to 2006. But it still lags behind, with teen birthrates almost 12 points above the national average. Those numbers alarmed a group of women at the local United Way in Anderson County, a semirural, conservative community that is home to 175,000 people. So in 2004 they contacted Impact, a teen-pregnancy-prevention organization in the area, to find out what they could do to help. "They had a curriculum," remembers Carol Burdette, executive director of United Way of Anderson County. "They told us, 'We know this works, but we can't get into the schools.'"

In 1988, South Carolina passed the Comprehensive Health Education Act, which requires sexuality education from elementary school through high school, including at least 12.5 hours of "reproductive health and pregnancy prevention education" at some point during a student's high school years. It doesn't limit teachers to abstinence-only lessons; rather, it allows each school district to make its own decisions about what sex education should involve. But with federal funding limited to abstinence-only programs, local districts have a powerful incentive to restrict their sex-education curriculum.

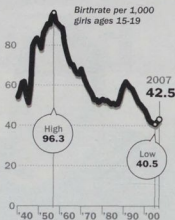
Even so—and despite the fact that the women in Burdette's group include both Republicans and Democrats—Burdette says "there was never a question" that they would back a comprehensive sex program in the public schools. She pitched the idea to each of the county's five school districts. Burdette purposely stayed away from moral arguments and instead emphasized the social and economic costs of teen pregnancy. Researchers working with the National Campaign to Prevent Teen and Unplanned Pregnancy have calculated that in 2004 alone, teen pregnancies cost U.S. taxpayers more than \$9 billion in health care, foster care, public assistance and lost tax revenue. The cost for South Carolina taxpayers that year came to \$156 million.

Burdette's arguments swayed school officials in Anderson District 3. With the help of friends, she raised \$40,000 to hire a recent Clemson University graduate to be the district's dedicated sex-education teacher.

Flunking Sex Ed

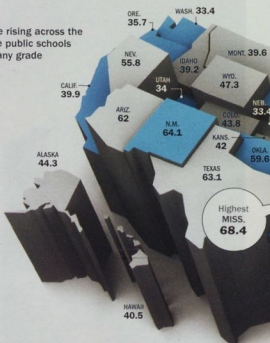
At the same time that teen birthrates are rising across the country, one-third of states do not require public schools to provide sex education for students in any grade

The U.S. teen birthrate is trending up again...



Note: World and U.S. state-by-state birthrates are for 2006 (Australia: 2004)

Sources: National Campaign to Prevent Teen and Unplanned Pregnancy; National Vital Statistics Reports; U.N.



The Safe Zone

IN MOST MIDDLE AND HIGH SCHOOLS around the country, sex education is handled by an athletic coach doubling as a health teacher or by a science instructor who drew the short straw. Kristen Jordan is not one of those teachers. Walk past her classroom on the first day of sixth grade and you'll hear her leading the students in an enthusiastic chorus of "Penis! Penis! Penis! Vagina! Vagina! Vagina!" "Until they can use the real names for their body parts without giggling," she explains, "you can't talk to them about anything serious." The attractive 27-year-old with straight blond hair is one of those rare souls who not only tolerate middle schoolers but also enjoy them in all their overcaffeinated, hormone-addled, hyperkinetic glory.

Jordan has become a constant presence in the lives of her young charges. At Starr-Iva Middle School, she teaches two courses—one focused on basic sexuality, the other on decision-making skills—to each class in the sixth, seventh and eighth grades. The program gives students escalating levels of information about STIs, pregnancy and contraception. But it also encourages them to delay sexual activity, works on building self-esteem and uses role-playing to teach them how to resist pressure from peers and partners.

By the time kids like Jewels arrive at Crescent High School, they see Jordan as a counselor they can turn to with ques-

tions and in crises. (The fact that she's not an official school employee helps inspire that trust and also means she can help students schedule medical appointments.) Her classroom is a safe zone for the kinds of questions that pinball inside the heads of teenagers—and that gives her a chance to air out some popular rumors. (Question: Does drinking Mountain Dew lower sperm count? Answer: No.)

No one quite knew how this highly religious community would react to the Impact program. But it has encountered virtually no opposition. While parents can opt to have their children skip Jordan's classes, not many do (fewer than a dozen out of a student body of 600). They can also look through her course materials and sit in on her classes. If a dad walked into one of her after-school programs for at-risk kids—usually students whose parents or siblings were teen parents—he might blush at the candid talk about sex and relationships. But he'd also notice posters covering the room's walls with slogans like NOT ME, NOT NOW and SELF-RESPECT: THE ULTIMATE CONTRACEPTIVE.

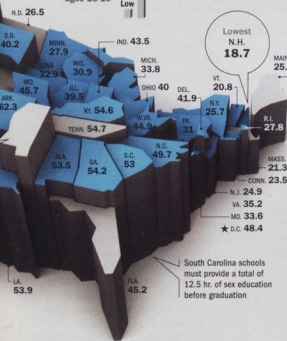
The comprehensive sex-education model used in District 3 is sometimes referred to as "abstinence first" or "abstinence plus" because it combines factual information about birth control and STIs with a strong message that kids should wait to have sex. From what Jordan and her colleagues have seen, it best fits the reality of most

... with the southern parts of the country leading the way ...

Birthrate per 1,000 girls ages 15-19

High Low

Schools required to teach sex ed



... to the highest rate in the developed world

Birthrate per 1,000 girls ages 15-19

U.S.	42.5
U.K.	26.7
Portugal	16.8
Australia	16.1
Canada	13.3
Spain	11.5
Greece	11.3
Germany	10.1
Finland	9.4
Norway	8.7
France	7.8
Italy	7.0
Sweden	5.9
Denmark	5.9
Japan	5.1
Switzerland	4.5
Netherlands	3.8

safest choice. They put emphasis on skill-building and role-playing, they teach how to use condoms, and they encourage young people not to have sex."

Parents and schools are increasingly putting their support behind the comprehensive approach. In a 2004 Kaiser Family Foundation survey, 95% of parents of middle-school students said contraceptive methods were "appropriate topics" for school health classes. The Pittsburgh, Pa., school board voted 8 to 1 in February to replace the district's abstinence-only curriculum with a comprehensive program after parents raised concerns about rising teen-pregnancy rates.

Yet even if every community in America woke up tomorrow and decided to put an end to the sex-education wars—laying aside the chastity belts and condom bananas and embracing comprehensive, abstinence-first education—it's not clear that much would change. That's because for all the battles over funding and policies, no one really knows how sex education is taught inside most classrooms. While most states and local school districts have policies regarding sex education, very few set standards on how to give students factual information about sex or teach them to develop healthy relationships. Even fewer attempt to evaluate what is covered in the classroom, and 17 states don't even require sex education to be taught in public schools.

Taking sex education seriously isn't easy. "There are so many ways young people get messages about sex—parents, friends, media," says Sarah Brown, CEO of the National Campaign to Prevent Teen and Unplanned Pregnancy. "It's hard for people to get a grip on those factors, so instead they spend their time arguing about what's on page 128." But we can't afford to keep failing our children. This month the National Center for Health Statistics reported that teen birthrates rose in 2007 for the second year, after a 15-year drop.

Jewels Morris-Davis is the embodiment of why it's so important to get it right. Thanks to her work with Kristen Jordan over the past few years, Jewels is a girl transformed. Sitting in a school office in a hoodie, with a gray-and-white-striped scarf around her neck, she projects a fierce confidence. "I don't need anyone to tell me I'm beautiful," she says, eyes flashing. "I know I'm beautiful." Jewels runs the 400 m on the track team and is on the cheerleading squad. And she's broken out of her family's cycle with a whole new set of goals. "I'm going to be the first one in my family to graduate from high school," vows Jewels. "I'm going to college. And then I'll get a job. And then I want to be married"—she pauses for emphasis—"with no kids." ■

teenagers' lives. Most students won't wait until they get married to have sex, so they need to be told more than "Just say no." But with 66% of teenagers nationally saying they wish they had waited longer before having sex, they're also looking for more than just medically accurate information about birth control.

Jordan's approach seems to be working. During her first three years, teen birthrates in the district stayed steady, with 19 births to girls ages 10 to 19 in 2006. But in 2007 that number dropped to four and then last year dropped again, to two. School officials have been so pleased that they've talked about adding a sex-education requirement in 11th grade (most students take health during their freshman year). Other school districts in Anderson County that initially balked at the comprehensive approach now want Impact to go into their schools and replicate the program. The only thing stopping them is money. "For \$2 million," says United Way's Burdette, "we could put a Kristen in every school in our county for five years. But we don't have \$2 million."

Doing What Works

THERE IS GROWING EVIDENCE THAT comprehensive sexuality programs like the ones Jordan teaches can be more effective than abstinence-only curriculums at persuading teens to behave more responsibly. Douglas Kirby, a neutral analyst who has studied sex-education programs for more

than three decades, says most evaluations of abstinence-only programs have found "no impact on sexual behavior." However, nearly half the comprehensive programs that have been studied reduced sexual risk in three areas: delaying the age at which teens first have sex, reducing the number of sexual partners they have and increasing their use of condoms.

The crucial difference between comprehensive programs that work and older curriculums that focused exclusively on promoting safe sex (remember learning how to put a condom on a banana?) is the new emphasis on behavior. "The older programs were less likely to deliver a clear message about behavior," Kirby says. "It was, 'Here are the facts, here are the pros and cons. You decide what's right for you.'" By contrast, he explains, the effective programs these days "have a very clear message that not having sex is the

For all the battles over abstinence-only and condom bananas, no one really knows how sex ed is taught inside most classrooms

The Oracle

How Arianna Huffington beat the media establishment at its own game using nothing but charm, friends, money, the Internet and other people's work

BY BELINDA LUSCOMBE

THERE IS FLATTERY, THERE IS SHAMELESS flattery, and there are conversations with Arianna Huffington. She'll talk to old men about their libido, beautiful women about their intelligence, the unemployed about their talent and the wealthy about their artistic depth. In her hands, a compliment is the social equivalent of a Tomahawk missile, launched in stealth at a heavily researched target and perilously difficult to defend against.

As recently as five years ago, this ability—plus a native braininess and a healthy dose of opportunism—had earned her a regular seat at soirées in the Washington–New York City–Los Angeles triad, as well as a modest media profile. She was once referred to as “the most upwardly mobile Greek since Icarus.”

Today Icarus is in her shade. In February the Huffington Post, the website she started in 2005 with Ken Lerer and viral-marketing guru Jonah Peretti, became the 15th most popular news site, just below the Washington Post's and above the BBC's. It garnered 8.9 million unique users that month, according to Nielsen—more than double what it attracted a year ago. It gets a million-plus comments from readers a month. A business newswire recently valued the site at more than \$90 million. Only one independently held online-content company (Nick Denton's Gawker properties) is worth more.

HuffPo, as it's known, has reached this level of prominence with 55 paid staffers, including Huffington. Twenty-eight of them are editorial, compared with more than 1,000 at the New York Times. Open the site on any given day and you will be greeted with copy from the Associated Press, contributions from unpaid writers, stories whose legwork was done by other news outlets and a smattering of entries from the site's five reporters. In terms of traditional newspaper content, that's about the level of a solid small-town daily.

But some people believe this model may fundamentally change the news busi-

ness. When the Seattle *Post-Intelligencer* became the first large daily newspaper to stop printing and move entirely to the Web, on March 18, the new site was structured uncannily like HuffPo, its original content reduced and jostling for space with guest blogs, wire stories and links to other news sites.

The success of her site has allowed Huffington, 58, to reinvent herself again, from Bush-bashing pundit to media mogul and digital pioneer. But as the enterprise grows, even a pedigreed networker

Huffington even uses her housekeeper as chauffeur when necessary. “My mom's not good at driving,” Isabella says. The matriarch is a deft hostess; there's always something to eat and, in the way of female gathering places, lots of conversation.

The Huffington Post was hatched at a party here not long after the 2004 presidential election. Former AOL executive Lerer, who professes to hate parties and to barely have known Huffington at the time, had already launched an anti-NRA site. He saw the need for a counterpoint to Matt Drudge's popular right-leaning website. “For about half an hour it was called the Huffington-Lerer Report,” says Lerer. “But I'm shy.” He and Huffington raised a million dollars, and Lerer brought in Peretti, his buddy from the anti-NRA website. The Huffington Post was to have three basic functions: blog, news aggregator with an attitude and place for premoderated comments.

For Huffington, it was as if her whole life, with its mix of accomplishment and weird scandal, had been practice for working in a medium in which everything is interesting and nothing is durable. Educated at Cambridge University, she launched herself in the U.S. on the back of a book about Maria Callas (her third of 12) and a few key friends. Pretty soon, almost virally, she knew everybody, was marrying an oil millionaire (with Barbara Walters for a bridesmaid) and stumping for the Republicans. Almost as fast, she was divorcing said millionaire, who turned out to be bisexual, and becoming a Democratic champion. In 2003 she ran for governor of California but withdrew after it was revealed that she had paid only \$771 in state taxes for the previous two years. She was pilloried for her connection to John Roger and the Movement of Spiritual Inner Awareness, which some claim is a cult. Less hardy souls might have fled the spotlight, but not Huffington. On the Internet, after all, nothing is set in stone; everything can be rewritten. History can be changed with a



Hold the front page A typical day of news-gathering at HuffPo, above, and the Brentwood impresario at the front door of her home, right

like Huffington may find that it's hard to keep friends in the media when she's killing their business.

Necessary Huffness

ALL THE RESIDENTS OF HUFFINGTON'S large romantic stone house in Brentwood, Calif., are female: Huffington, her sister Agapi and her two daughters Christina, 19, and Isabella, 17. The walls of the living room are adorned with paintings by Françoise Gilot, one of Picasso's lovers, and Kimberly Brooks, the wife of actor Albert Brooks. Isabella's room is covered with photographs by Annie Leibovitz. Most members of the house staff are women—





The mogul Huffington works contacts from her home office. HuffPo was built on content from friends; it now has 3,000 bloggers—all unpaid

simple refreshing of the page.

She never lost the ability to win people over. "Before we launched, I just asked all my friends to write," says Huffington. "And then they get such a reaction that they get hooked and start writing a lot." Her special brand of Greco-American wrangling lured so many boldface names that the merely interesting wanted to write for her too. The Huffington Post now has 3,000 bloggers, all—media moguls take note!—unpaid.

HuffPo is not made for people who like their news straight. As the situation in Iraq got boggy, the economy soured and the Bush Administration's popularity face-planted, folks wanted a place to vent. And when the Obama phenomenon took off and Wall Street collapsed, they wanted a place where they could both celebrate and vent more. HuffPo was the easiest, most satisfying place to do it. "We like to expose hypocrisy," says Katharine Zaleski, the site's news editor. The Huffsters see what they do as curating the news: finding the good stuff from other sources and artfully exhibiting it

for the enrichment of the more educated, liberal news consumer. And yet the site's most viewed stories often have to do with the trivial—every garment in Michelle Obama's wardrobe gets its due—and the racy. It's improbable that anything like the wildly popular HuffPo slide show of Pamela Anderson's disturbingly shaped nipple would be featured on, say, Politico.

That's just part of what concerns veteran news hands about HuffPo's rise. In December the site's Chicago section was found to have been plagiarizing. "This was a problem with an intern," says Huffington. "There was no excuse, and we corrected it." When I point out that the initial story the site posted in March on Nick Schuyler, the football player who survived a storm at sea, carried Zaleski's byline even though 80% of the copy was taken verbatim from the St. Petersburg Times, Huffington says that the story drew from several sources—and that they don't mind. "We drive millions of page views to people who produce content," she says, "and we get a hundred requests a day from editors and reporters to link to them." Not

everyone is so thrilled. "HuffPo regularly borrows a chunk of our stories and repays us with a tiny link at the bottom," says a prominent Web editor. "It's a practice that really annoys me."

But HuffPo has also flourished by outsmarting everyone else. If you type "Nick Schuyler" into Google today, the Huffington Post's mashup account will appear above the original story in the St. Petersburg Times. That's Peretti's doing. In his hands, the site is particularly adept at what's known as search-engine optimization—making Google love you. How it's done is complicated and mostly secret, but one illuminating example came after the death of actor Heath Ledger. HuffPo fashioned its story so that anyone Googling a variation on the words "Keith Ledger" would see the HuffPo story at the top of the search results, thus snagging people who didn't know the actor's unusual name. The higher up a story appears in Google search results, the more page views—and ad money—it brings in.

While this is wily, it's legal. But news organizations may not tolerate others cherry-picking their content and repurposing it for profit for much longer. "Someone is going to sue the Huffington Post," says Joshua Benton, director of the Nieman Journalism Lab at Harvard University. "It's not just about the volume of the content that it appropriates, it's about the value." There are other aggregators, but HuffPo is the most tempting. "It's a big player, and the site that has got closest to the line" between fair and unfair use of copy, Benton notes.

The woman at the center of all this is offended and bewildered by the suggestion that other news outlets think she's getting a free ride. She sees herself as the future of journalism, not the end of it. She and Lerer continue to experiment with "distributive journalism," as they call it, in which anybody who observes a news event can report on it for HuffPo. They recently raised \$25 million to launch an investigative journalism fund and explore creating local city versions of the site.

Some of the journalistic resentment exists clearly because it's populist media done better than it's been done before. Another part of it is really about Huffington. HuffPo's speedy rise to prominence, courtesy of others' work, reminds some of its founder's own journey. Female ambition is a curious force. When its outlets are blocked, it sometimes seems to settle on the nearest object—a spouse, a child, a cause. But in rare cases, it finds its perfect vehicle. When that happens, it's best to get out of the road or jump in for the ride. Huffington might even let you drive.



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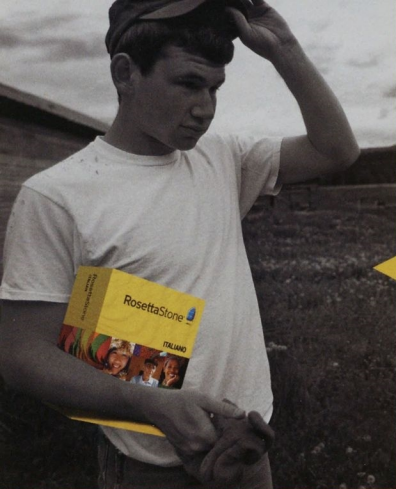


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Not since *Working Girl* have big shoulders played such a prominent role in fashion

FASHION, PAGE 52

Life

■ CASH CRUNCH ■ USER'S GUIDE ■ FASHION



CASH CRUNCH

The Nonprofit Squeeze. Volunteers are stepping forward as never before. But can groups afford to train them?

BY DAN KADLEC

FOR THE PAST FEW YEARS, Carl Anglesea gave about \$400 each year to charity. But he lost his job as a software developer in August, and since then Anglesea, 54, of Chuluota, Fla., hasn't given a dime. What he has done, though, is triple his

hours as a volunteer AARP tax counselor helping people fill out tax forms. "I'd like to give cash, but I can't," he says. "So I'm committing to more hours as a substitute."

This is a trade that works well for Anglesea and many like him. After all, time is money, and community-

minded individuals may be happy to give whichever of the two they are better able to spare. But the time-money swap, which is washing over the charity world like a tidal wave during this recession, poses stiff challenges for nonprofits. They can't pay the rent with volunteer hours.

One in two nonprofits says its funding has fallen, according to "The Quiet Crisis," a new report by Civic Enterprises, a social-issues think tank. When the economy was this

Helping hands In Minnesota the United Way's Sue Moyer oversees 44,000 volunteers a year



Quality time United Way workers sort donated clothing. Volunteering is up, while giving cash is down

A TIME OF NEED

68%

Increase in aid requests to United Way last year over 2007

52%

Percentage of nonprofits that had their funding cut

35%

Percent that Chicago's Meals on Wheels is trimming its budget

rotten in the early 1970s, charitable giving fell more than 9%, adjusted for inflation. Experts believe something like that will occur in this recession too.

The projected budget shortfalls come at a time when nonprofits' services are most in demand. Last year the United Way saw a 68% increase nationally in the number of calls for basic needs, according to "The Quiet Crisis." The state of Arizona reported a doubling in the number of people who sought social services last year, and 70% of the nonprofits in Michigan reported an increased demand for services.

The good news is that volunteers are stepping forward as never before. For instance, applications through the AmeriCorps online system for volunteer service in February were up 208% compared with the same month last year. Multiple trends help explain the rush to volunteer. President Barack Obama has made community service a central issue. Baby boomers are hitting retirement age in record numbers, with many looking to make good on the idealism of their youth. Yet it's folks who have always

given money but no longer feel financially secure enough to do so who may offer the clearest explanation. Some 4.4 million jobs—including a heart-stopping 651,000 in February alone—have been lost since the downturn began. Plunging stock and real estate values have led the way, with Americans losing more than \$11 trillion in wealth last year.

Cash-poor, time-rich volunteers like Anglesea have every right to believe that what they are doing is just as valuable as handing over cash. Indeed, the charity world puts a cash value on volunteers' time—\$19.51 an hour, estimates Independent Sector, a think tank for charities. But food banks still need supplies to distribute, and volunteers' shift toward time, not money, is only part of what threatens nonprofit budgets for years to come. Traditional bastions of financial support have plenty of their own problems. Corporations and foundation endowments have been crushed by the stock market. State governments, a key source of fee-based support, are seeing slumping tax revenues. On top of all that, Obama

has proposed to reduce tax breaks for wealthy people's contributions.

Nonprofits unprepared for what appears to be a historic influx of volunteers risk sending those folks home underappreciated and losing them forever—not just as volunteers but also as cash donors when the economy revives, says John Power, executive director of the Volunteer Center in San Francisco. Power is seeing more volunteers turned back to him by agencies that can't handle the larger numbers. Furthermore, he says, a chief concern now is that as nonprofits look to cut their budgets, the first heads to roll may be the paid staff that oversees volunteers. Suddenly volunteers won't get the training they need, and their whole experience goes downhill from there. One in three volunteers does not return, according to federal data, and a bad experience is a factor in low volunteer retention.

At the Greater Twin Cities United Way in St. Paul, Minn., Sue Moyer manages 44,000 volunteers a year with the help of one full-time and one part-time employee. Losing either employee would be devastating, she says. So far, there is no indication of cuts to come at her group, which just closed out its 2008 fundraiser about even with the previous year's. But Randi Yoder, the organization's senior vice president of donor relations, is bracing for a funding shortfall in 2009 even as she anticipates that volunteer numbers will rise by as much as a third. That's a tough combo. Still, says Yoder, "if someone tells us they don't have money but they have time, we'll find a way to plug them in."

Kadlec is a co-author of With Purpose: Going from Success to Significance in Work and Life (2009), which explores the emerging volunteer revolution



Kindle 2 Will Woo You

Amazon's digital-book reader gets a lovely makeover. Too bad no one can afford to buy it

IF ONLY THE KINDLE 2 WERE cheaper! Despite its other shortcomings, Amazon's new and improved digital-book reading device does enough right that it could become the Model T of e-readers, capturing the imagination—and discretionary spending—of the masses. But in this wretched economy, in which most of us will purchase only non-essentials that save us money or make us money, I doubt folks will pony up \$359 for a pleasure-reading gadget. And thanks to Amazon's mysterious pricing policies, the old argument—that digital books are so much cheaper than their hide-bound ancestors—no longer holds.

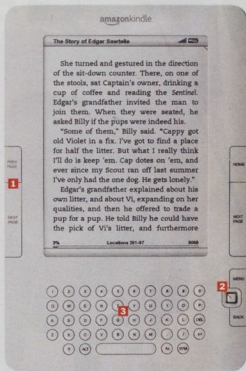
Before a recent visit to my dear old mum, I purchased *The Kindly Ones*, by Jonathan Littell, a 992-page Nazi-palooza that, given the nearly 3-lb. weight of the new English translation, makes for an ideal Kindle selection. But when I got ready to buy it on Amazon, I blanched at the \$16.19 price. Every Kindle text I've purchased since Amazon started selling the device in November 2007 has been \$9.99. Indeed, that was one of the Kindle's main draws: you could buy books wirelessly, on demand and at a fraction of the cost of their printed peers. Case in point: Littell's book was listed in Amazon's Kindle store with a hardcover price of \$29.99, making the digital version seem like a real bargain. But later I discovered that Ama-

zon's bookstore was selling the new hardcover for \$17.99. So the Kindle saved me all of \$1.80. Big whoop.

So what's with the price hike? An Amazon spokesman says that Kindle store "prices change from time to time" and most books are still \$9.99 or less, including *New York Times* best sellers and "most new releases." Why was the Kindle *Kindly Ones* \$16.19? Because Amazon decided to price it that way. That worries me because as bookstores die out, Amazon is strengthening its lock on the publishing business.

From that perspective, it's unfortunate that everything about the Kindle 2 is better than the original. It's sleeker, more pleasant to touch and easier to read (though the screen is the same size), and the battery lasts forever—more than two weeks if you keep the wireless connection off. It also adds a supercool feature called Whispersync, which automatically notes where you left off reading. So if you use more than one Kindle or download the free Kindle reading software to your Apple iPhone, you can move from one device to the other without losing your place.

Who would read a 992-page book on their iPhone? It's not as bad as you'd think. With a 10-in. iPod Touch rumored to be in the works, perhaps someday there might be much needed pricing competition too.



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FASHION

Strong Suits.

Designers bring back sharp shoulders to pad sagging sales figures

BY KATE BETTS

THERE WAS A COMICAL moment in the front row at a recent runway show in Paris when two magazine editors in sharply tailored jackets had to pivot awkwardly in their seats to make room for their linebacker shoulder pads. Not since Tess McGill suited up to outwit her boss in *Working Girl* in 1988 have big shoulders played such a prominent role in fashion. For fall, designers like Michael Kors, Donna Karan and Stefano Pilati of Yves Saint Laurent showed structured jackets, enlisting the signature '80s power tool to try to give shaky consumers some self-assurance—and, they hope, a reason to shop.

"We could all use a little confidence right now," says Kors, "and jackets are the best way to get the armor, strength and power." After seasons of disposable dresses worn with soft little cardigans (thank you, Michelle Obama), the jacket just might provide a boost to slipping apparel sales. "It's the women who work who are shopping," Kors adds. "They're the ones who still have to get dressed. And they need confidence. Look what suits and jackets did for men."

Given the current unemployment rate, traditionally tailored clothing takes on a whole

new allure. "Many people are out of work. They're looking for jobs, going on interviews," notes Colleen Sherin, fashion market director of Saks Fifth Avenue. "A jacket and the idea of protection and security that it brings can really give a woman confidence."

Retailers, too, could use a little lift. They see the struc-

tured jacket, albeit not quite as broad-shouldered as in the *Dynasty* era, as an investment piece. "You can wear a jacket in many different ways," with a skirt or with pants, for instance, says Sherin. "Any item that has multiuse will be successful in this market."

Some designers don't mind the Krystle Carrington refer-

ences, while others claim the new look isn't a throwback. "I hate to call it '80s," says Karl Lagerfeld, who showed sculpted shoulders for Chanel. "It's more about a flawless look. It's about cut, quality and the silhouette." Whatever it is, just don't make Tess McGill's mistake and pair the new power suit with sneakers.

'80S REDUX?



Working Girl...
Shoulder pads were huge then
... And now
They're sculpted and more subtle.
From top: YSL, Nina Ricci, Donna Karan and Giorgio Armani



PROMOTION

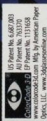
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blockbusters,
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directed by

ink 3-D is
technology
ve an impact
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and even sports, so we decided

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FASHION

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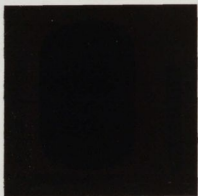
new allure. "Many people are out of work. They're looking for jobs, going on interviews," notes Colleen Sherin, fashion market director of Saks Fifth Avenue. "A jacket and the idea of protection and security that it brings can really give a woman confidence."

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PROMOTION

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Reinvented with new technology and gear, 3-D is set to unroll across America in 2009.

It started with Super Bowl ads, and continued with TV episodes and even a Jonas Brothers movie in 3-D. Now 3-D is about to get serious, with the March 27 release in over 2,000 theaters of DreamWorks

Animation's **MONSTERS VS. ALIENS**. **MONSTERS** is the first of several potential 2009 3-D blockbusters, including Disney-Pixar's **UP**, and Fox's **AVATAR**, directed by James Cameron.

At Time Inc., we think 3-D is pretty darn cool, a technology that's certain to have an impact across entertainment, business, and even sports. So we decided

to cover it in a special way, with stories and photographs appearing simultaneously in five different magazines: **PEOPLE**, **SPORTS ILLUSTRATED**, **ENTERTAINMENT WEEKLY**, **FORTUNE** and **TIME**. Each feature, of course, is aimed at the interests of the readers of that particular magazine. We hope you will enjoy the stories, and we want to thank the companies listed below for their sponsorship of this coverage.



Arts

TECHNOLOGY MOVIES EXHIBITIONS BOOKS SHORT LIST

TECHNOLOGY

The Next Dimension. For some of the world's top filmmakers, digital 3-D is the future of movies. Adjust your glasses

BY JOSH QUITTNER

THE LIGHTS DIM IN THE SCREENING room. Suddenly, the doomed *Titanic* fills the screen—but not the way I remember in the movie. The luxury liner is nearly vertical, starting its slide into the black Atlantic, and Leonardo DiCaprio is hanging on for life, just like always. But this time, I am too. The camera pans to the icy water far below, pulling me into the scene—the sensation reminds me of jerking awake from a dream—and I grip the sides of my seat to keep from falling into the drink.

Most of us have seen the top-grossing film of all time. But not like this. The new version, still in production, was remade in digital 3-D, a technology that's finally bringing a true third dimension to movies. Without giving you a headache.

Had digital 3-D been available a dozen or so years ago when he shot *Titanic*, he'd have used it, director James Cameron tells me later. "But I didn't have it at the time," he says ruefully. "Certainly every film I'm planning to do will be in 3-D."

Digital 3-D, which has slowly been gaining steam over the past few years, is finally ready for its closeup. Just about every top director and major studio is doing it—a dozen movies are slated to arrive this year, with dozens more in the works for 2010 and beyond. These are not just animations

but live-action films, comedies, dramas and documentaries. Cameron is currently shooting a live-action drama, *Avatar*, for Fox in 3-D. Disney and its Pixar studio are releasing five 3-D movies this year alone, including a 3-D-ified version of *Toy Story*. George Lucas hopes to rerelease his *Star Wars* movies in 3-D. And Steven Spielberg is currently shooting *Tintin* in it, with Peter Jackson doing the 3-D sequel next year. Live sports and rock concerts in 3-D have been showing up at digital theaters around the U.S. nearly every week.

With the release on March 27 of *Monsters vs. Aliens*, Jeffrey Katzenberg, the head of DreamWorks Animation SKG, is betting the future of his studio on digital 3-D. While he's not the first to embrace the technology, he has become its most vocal evangelist, asserting that digital 3-D is now good enough to make it—after sound and color—the third sea change to affect movies. "This really is a revolution," he says.

Over the past few years, Katzenberg has repositioned DreamWorks as a 3-D animation company. From *Monsters* on, all its movies will be made, natively, in 3-D. (Many animation studios create the 3-D effect in postproduction.) That's a pretty big commitment since 3-D involves even more computer power than usual. The DreamWorks crew invokes "Shrek's law," which holds that every sequel takes about twice as long to render—create a final image from

models—as the movie that preceded it. Authoring the movie in 3-D effectively doubles the time called for by Shrek's law.

That requires an extreme amount of horsepower—the computational power of DreamWorks' render farm puts it roughly among the 15 fastest supercomputers on the planet. The studio partnered with Hewlett-Packard and Intel and built an enormous test bed on more than 17,500 sq. ft. in California. The Silicon Valley companies are hot on 3-D because they believe it's how people will navigate the Web and the desktops of their PCs and that it will be standard on computers and HDTVs.

At DreamWorks, I watched a *Monsters* filmmaker peer through an elaborate camera rig that allowed him to "previsualize" a scene before shooting it. As he panned across the room we were standing in, he flew over a computer-generated 3-D image of the White House war room—the set for a scene in which the President (voiced by Stephen Colbert) meets with his staff to discuss an alien invasion. The camera let the director precisely manage the z-axis and decide which elements in the background, midground and foreground needed to be lit and focused.

Katzenberg says going 3-D adds about 15% to his costs—which is nothing compared with the profits studios anticipate as the digital transformation takes hold. Digital 3-D movies usually gross at least three times as much as their flat-world counterparts—thanks in part to the higher ticket prices and longer runs they garner. Another benefit: 3-D films are far

The 3-D amigos From left, Katzenberg, Cameron and Spielberg are pioneering the use of new digital tools and techniques to tell stories in stereovision



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vs.
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Monsters and aliens and blobs, oh my
Monsters vs. Aliens with red and cyan cellophane lenses (similar to but somewhat different from what you see in this magazine). As just about everyone knows, old-school 3-D was less than awesome. Colors looked washed out. Some viewers got headaches. A few vomited. "Making your customers sick is not a recipe for success," Katzenberg likes to say.



came before 2005. Viewers often wore cardboard glasses with red and cyan cellophane lenses (similar to but somewhat different from what you see in this magazine). As just about everyone knows, old-school 3-D was less than awesome. Colors looked washed out. Some viewers got headaches. A few vomited. "Making your customers sick is not a recipe for success," Katzenberg likes to say.

It was cumbersome to produce too. In the old days, two 65-mm, 150-lb. film cameras—each shooting the same scene in sync—were used to make a 3-D picture. The gap between the lenses simulates the space between our eyes, adding space perception. But with film, you never knew how the shot would turn out until later.

The birth of high-definition, digital filmmaking changed all that. Cameron and an associate, Vince Pace, developed the 3-D-capable Fusion camera system, which is cheaper, smaller—13 lb. each—and way more versatile than the old film rigs. "Every movie I made, up until *Tintin*, I always kept one eye closed when I've been framing a shot," Spielberg told me. That's because he wanted to see the movie in 2-D, the way moviegoers would. "On *Tintin*, I have both of my eyes open."

A Beverly Hills company called Real D took the lead on the theater side. It leases out a kind of digital shutter system that sits in front of digital projectors, alternating the two views of each frame 144 times per sec.—fast enough to achieve stereovision. The new system uses polarization, rather than color-coding. Gone are the completely cheesy cardboard glasses,

more difficult for digital-camera-toting moviegoers to pirate.

Beyond the venal, however, filmmakers say that 3-D, like sound and color, really breaks down the barrier between audience and movie. "At some level, I believe that almost any movie benefits from 3-D," *Lord of the Rings* director Jackson says. "As a filmmaker, I want you to suspend disbelief and get lost in the film—participate in the film rather than just observe it. On that level, 3-D can only help."

3-D Movies, Take 8

IF THE RETURN OF THE 3-D MOVIE SOUNDS like a rerun, that's because it is. By some counts, this is 3-D's eighth incarnation, and to date, it hasn't exactly revolutionized the industry. The first stereoscopic movies appeared in the U.S. before the last Great

Depression, disappeared, then enjoyed a schmaltzy revival in the 1950s with such blockbusters as *House of Wax* (1953). They've cropped up intermittently ever since, typically attached to high-camp vehicles like *Andy Warhol's Frankenstein* (1973).

"To me, 3-D has always been the circus coming to town," says Daniel Symmes, a 3-D historian and film-industry veteran. Symmes worked on the soft-core 3-D hit *The Stewardesses*, which was produced in 1969 for around \$100,000. It grossed more than \$27 million, making it the most profitable 3-D movie ever. Symmes scoffs at today's digital 3-D and its big budgets and says it's déjà vu. "Does the circus stay around?" he says. "No. If it does, attendance drops off, the novelty is gone and the circus goes away."

But proponents say digital 3-D is a different animal from the analog stuff that

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THEY APPEAR.**



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Camera-ready Cameron, center, revolutionized the 3-D business with his Fusion high-definition video cameras

replaced with slightly less cheesy disposable plastic-frame glasses that have gray lenses. "Someday," predicts Katzenberg, "people will buy their own movie glasses, which they'll take to the movies—like people have their own tennis rackets."

Even if you're willing to grant him the glasses, there's still one problem. For digital 3-D to work, the movie theater must first convert from analog to digital—that is, from reels of film to data feeds. Theaters have been slow to do it, citing the expense and security. Disney chairman Dick Cook is credited with breaking the initial logjam with *Chicken Little* in 2005. About 75 theaters converted to digital to show the film, and a surprising thing happened: 3-D theaters reported three to four times the box-office gross as those that showed the 2-D version. (All 3-D movies can easily be stepped down to 2-D and are typically shown in both forms.) That was the jump start digital 3-D needed. Katzenberg predicts that more than 2,000 theaters will be 3-D-ready by this week.

But in this economy, will people spend as much as \$15 a ticket for a movie? Katzenberg is optimistic, pointing out that consumers are cutting back on everything but cheap entertainment. "The movies have

been the greatest beneficiary of this," he says. "So to offer a new, exciting premium version of a bargain will be a big winner."

The Future of 3-D

CAMERON'S *AVATAR*, DUE IN DECEMBER, could be the thing that forces theaters to convert to digital. Spielberg predicts it will be the biggest 3-D live-action film ever. More than a thousand people have worked on it, at a cost in excess of \$300 million, and it represents digital filmmaking's bleeding edge. Cameron wrote the treatment for it in 1995 as a way to push his digital-production company to its limits. ("We can't do this," he recalled his crew saying. "We'll die.") He worked for years to build the tools he needed

to realize his vision. The movie pioneers two unrelated technologies—e-motion capture, which uses images from tiny cameras rigged to actors' heads to replicate their expressions, and digital 3-D.

Avatar is filmed in the old "Spruce Goose" hangar, the 16,000-sq.-ft. space where Howard Hughes built his wooden airplane. The film is set in the future, and most of the action takes place on a mythical planet, Pandora. The actors work in an empty studio; Pandora's lush jungle-aquatic environment is computer-generated in New Zealand by Jackson's special-effects company, Weta Digital, and added later.

I couldn't tell what was real and what was animated—even knowing that the 9-ft.-tall blue, dappled dude couldn't possibly be real. The scenes were so startling and absorbing that the following morning, I had the peculiar sensation of wanting to return there, as if Pandora were real.

Cameron wasn't surprised. One theory, he says, is that 3-D viewing "is so close to a real experience that it actually triggers memory creation in a way that 2-D viewing doesn't." His own theory is that stereoscopic viewing uses more neurons. That's possible. After watching all that 3-D, I was a bit wiped out. I was also totally entertained. ■

'Someday people will buy their own movie glasses, which they'll take to the movies—like people have their own tennis rackets.'

—JEFFREY KATZENBERG, HEAD OF DREAMWORKS ANIMATION SKG

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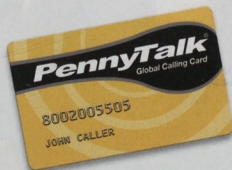
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MOVIES

Woman at Work. In the cloak-and-dagger caper *Duplicity*, Julia Roberts finds mature love. It suits her

BY MARY POLS

EARLIER THIS YEAR, SHORTLY BEFORE the publicity machine for her new film *Duplicity* moved into gear, Julia Roberts inadvertently starred in a 43-second movie that made the rounds online. Though she's costumed in mom jeans and comfortable shoes, she's featured at her most thrilling, marching menacingly toward the camera and quickly exceeding the number of expletives allowed in a PG-13 movie.

"I have had it with you," she tells the paparazzi. "F___ off. Aim higher. Get a life."

There's no milewide grin in sight. She just wants to pick up her 4-year-old twins in peace and quiet. But seeing her in the role of a real-life 41-year-old woman who radiates confidence even while shaking with justifiable outrage is enough to make you fall in love with her all over again. Even the snarkiest bloggers declared themselves wowed.

And evidently Roberts practices what she preaches. The '90s box-office queen *has* a life, including a husband who works in Hollywood (but below the line), three kids and a solar-powered house. With her latest choice of roles, she's aiming not just higher but also smarter.

In *Duplicity*, writer-director Tony Gilroy's follow-up to *Michael Clayton*, Roberts shares star billing with Clive Owen, but it's not a Julia Roberts Movie. The film is a nimble, witty whirligig of a caper, and it's no criticism to say Paul Giamatti, playing an insecure loon of a CEO, and Tom Wilkinson, as his devious rival, snatch the spotlight from the pretty people every chance they get. So does the timeline, which bounces around far more than Roberts' glossy tresses. The role of Claire Stenwick, a former CIA operative now playing the espionage game in the highly competitive world of soap companies, includes ample opportunity for Roberts to be fun, sexy and sarcastic. But while the movie allows Julia to be Julia, it doesn't depend on it.

Roberts has largely stayed away from

Spy games Roberts plays an ex-CIA operative scheming with partner in crime Clive Owen



leading roles since falling for cameraman Danny Moder. (They married in 2002.) There's been voice work (*Charlotte's Web*) and favors to friends, including two irritatingly meta parts for Steven Soderbergh, in *Full Frontal* and *Ocean's Twelve*. (Addressing the self-spoofing, she told *Allure* recently, "I'm just lazy. It's so easy.") In 2004, just before her motherhood-necessitated work slowdown, she veered into intriguing adult territory with Owen in *Closer*, projecting a chilliness that felt a bit forced but suggested she was willing to forgo audience adulation.

Duplicity is just as much a proclamation as her scene with the paparazzi. It's intentionally a wedding-dress-free zone. Claire would like Ray Koval (Owen) to love her, but it's clear she'd survive without him. Their relationship is not a road to an altar; it's about being with someone who gets you. It's mature love, in short, even if it's set in a glamorous cloak-and-dagger

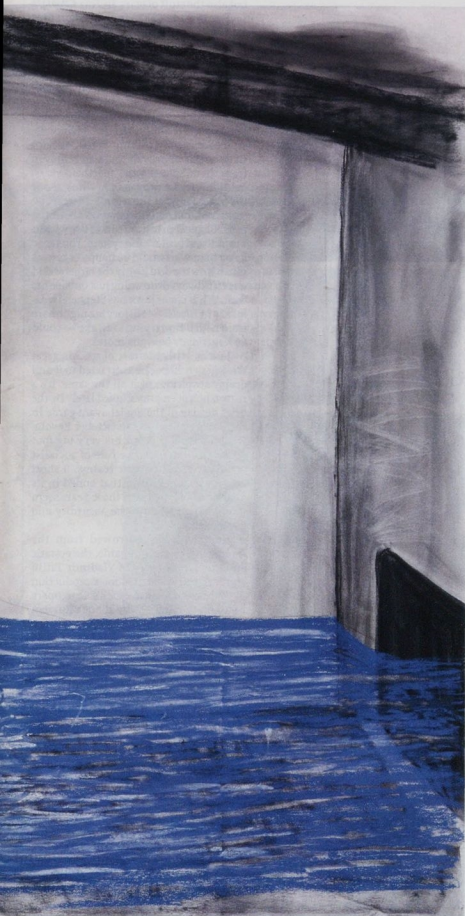
Roberts gets to be fun, sexy and sarcastic, but the movie doesn't depend on it

world where the goal is to scam the bosses into funding your fabulous lifestyle.

What about being mature in years? Forty or thereabouts is often the most attractive age for women, when you're old enough to really appreciate, understand and know how to flatter yourself. But in Hollywood it mostly leads to unintentional vanishing acts or inspires unfortunate experiments with surgery. Roberts could toss aside her career—unless Bernie Madoff managed her money, she shouldn't need the paycheck—but she doesn't want to. Working, she has said, brings some form into the "shapeless blob of happy chaos" that is motherhood. I've already seen *Duplicity*, but I'd be willing to give her my \$10 just for summing up the working mother's perspective so nicely.

Motherhood, by the way, looks good on her. Onscreen, she's lush and full: any woman who has breast-fed will recognize the source of her *Duplicity* cleavage. Her Claire makes Owen's Ray even more swoon-worthy; we know he appreciates a real woman. If you're nostalgic for the pretty woman in pink and black spandex, too bad. Roberts isn't shoe-horning herself back into a prostitute's work outfit. She's too sensible to even try. All the more reason to hope she's still a trendsetter. ■





EXHIBITIONS

Man of Constant Sorrow. Is the sober-minded William Kentridge the perfect artist for a postcrash world?

BY RICHARD LACAYO

A LOT OF THE MOST-TALKED-ABOUT ART of the past decade or so was shiny, shrill and brazen. Damien Hirst's diamond-crusted skull, Jeff Koons' big mirror-steel bling things, Richard Prince's slutty-nurse paintings: they were all the swaggering output of a boom time. There were plenty of artists working in a different key, but no one could claim that anguished moralists were the representative figures of the age.

Does the financial collapse mean that a hushed and chastened mood will come upon the art world? Don't count on it. Remember how 9/11 was supposed to usher in the end of irony? That didn't happen either. All the same, is it too much to hope that a stricken world might have more time for art that's less declamatory and cocksure? If it does, this will be a very good moment for William Kentridge, anguished moralist.

Kentridge is a South African whose star has been quietly rising for more than a decade, years when his drawings and animated films made him a favorite of the art-festival circuit and he began designing opera productions in Europe and the U.S. But the sober-minded man we meet

Felix Crying, WILLIAM KENTRIDGE, 1998-99

in "William Kentridge: Five Themes," a survey of his work that just opened at the San Francisco Museum of Modern Art and will travel to seven cities, seems especially pertinent these days. The question at the center of so much of his work—What do you do when the world breaks your heart?—is one that a lot of people are asking themselves lately.

Kentridge was born in 1955 in Johannesburg, the "rather desperate provincial city," as he's called it, where he still lives and works. His parents were both lawyers active in defending victims of apartheid. Their son took degrees in politics and fine arts from South African schools. For a time he tried acting. In the early '80s he studied mime and theater in Paris. But by the middle of that decade, back in Johannesburg, he had committed himself to art.

At the center of Kentridge's work are the hand-drawn animated films he started making in 1985. Some are intended to be viewed one at a time, like the mournful vignettes from the lives of his fictional alter egos: Soho Eckstein, a rapacious South African businessman, and Felix Teitlebaum, a melancholy soul who pines for Eckstein's sensuous wife. Others are produced as parts of multiscreen installations in which eight or more unfurl simultaneously on all four gallery walls. So in *7 Fragments for Georges Méliès*, his semi-comical riff on the artist in his studio, we see Kentridge climbing a ladder on one screen (and tumbling down), pacing on another and ripping apart a life-size drawing of himself on yet another.

As an animator, Kentridge is a deliberate primitive. He makes his films by the painstaking process of drawing and erasing individual images, always on one sheet of paper, not successive sheets, so that the smudges and wipes survive from frame to frame and the images don't so much move as morph forward with bumps and stutters, the way they do in Claymation. Nothing could be further removed from the diamonds and stainless steel of the boom years. It's a style, poignant in its very crudeness, that by its simplicity confers instant legitimacy on Kentridge and his work.

Each of Kentridge's film projects generates suites of charcoal drawings, most of them descendants of Goya's desolate readings of human affairs. Charcoal is exactly the right medium for Kentridge. Burnt carbon has a gravity all its own, and it's perfect for Kentridge's blasted landscapes, crowds of eternal refugees and monsters that could be the potbellied Will to Power. His world comes in shades of black, white and gray, with just occasional flecks of red or streams of bright blue that suggest water—a cool comfort against affliction

but also the stuff of tears. In *Felix Crying*, a 1998-99 drawing taken from his short film *Stereoscope*, an inconsolable Felix stands in a rising pool of his own blue grief as it cascades from his pockets.

What are the sources of that grief? You might call it a nonspecific social and personal malaise. It was never Kentridge's way to tackle South African history head on. As a white South African, he once described himself as living at the "edge of huge social upheavals yet also removed from them." During the apartheid years, he didn't make propaganda films about the bitter fruits of the regime. Instead, he contrived melancholy parables about the psychological predicaments of life within a brutal and brutalizing system. You sense he's a man who would be happy to retreat into his own world if only the larger world weren't always drumming just outside his door. What James Joyce has Stephen Dedalus say in *Ulysses*—"History is a nightmare from which I am trying to awake"—could be Kentridge's working motto.

Just as with the rest of us, his great weakness is hope. He's attracted to it and deeply suspicious of it all the same. It's a reason he's been preoccupied lately by the brief heyday of the Soviet avant-garde in the years right after the October Revolution, before Stalin put his very big foot down and imposed the rule of socialist orthodoxy in all artistic realms. A short episode of utopianism that ended in its own flood of blue tears, those years seem to epitomize for him the absurdity and paradox of politics.

Kentridge has borrowed from the imagery of that avant-garde, the ecstatic and utopian imagery of Vladimir Tatlin and Kazimir Malevich, for a production of *The Nose*—Shostakovich's 1930 opera based on the Gogol story about a Russian bureaucrat who awakens one morning to discover that his nose has left his body and begun to pursue its own career up the social hierarchy—that the Metropolitan Opera in New York City will mount next year. The San Francisco show, which was organized by Mark Rosenthal, a curator at the Norton Museum of Art in West Palm Beach, Fla., climaxes with a multiscreen gallery of films connected to that production. The nose climbs a ladder in silhouette (and tumbles down), a Cossack dances. On another screen are abject snippets from the 1937 trial transcript of Nikolai Bukharin, one of the multitude of old Bolshevik leaders devoured by Stalin. It's too soon to know how Kentridge will connect all this into a coherent production. But there won't be a diamond-crusted skull or a mirror-steel bling thing anywhere near it. That you can count on.



Four frames of *Invisible Mending*, from *7 Fragments for Georges Méliès*, William Kentridge, 2003

Steady Art Beat
To read Richard Lacayo's daily take on art and architecture, go to time.com/lookingaround

BOOKS

The Good Soldier. This French epic of genocide and sodomy is the scandal of the season. Is it as shocking as they say?



FIRST LINE

Oh my human brothers, let me tell you how it happened.

BY LEV GROSSMAN

JONATHAN LITTELL'S *THE KINDLY ONES* (Harper; 984 pages) is one of those brutalist European maxi-novels that periodically come soaring at us across the Atlantic as if lofted here by a trebuchet. The last one was Roberto Bolaño's *2666*, in November. You can recognize them by their seriousness of purpose, their wild overestimation of the reader's attention span and their interest in physical violence that makes *Saw* look like *Dora the Explorer*. It's as if these European writers are laughing at their prim American counterparts, with their fussy scruples, the way Sudanese warlords laugh at American gangsta rappers. "Violence?" they seem to say. "War?

What do you know about it, *mon semblable, mon frère*? You've been a country for 200 years. We've got 30 centuries of blood in our soil!"

The Kindly Ones is a grandly hallucinatory account of World War II from the point of view of an SS officer named Max Aue. Max is an intellectual and a loner with refined taste in music and literature. As a narrator he reminds one of a chillier, less funny Humbert Hum-

The Nazi bureaucracy has sold Max and his colleagues on mass murder. But carrying it out tears them to pieces

bert. But Max's business isn't raping nymphets. It's racketeering around the Third Reich, from Stalingrad to Auschwitz to Hitler's bunker, advancing the cause of Nazi genocide.

The force and clarity with which Littell renders the physical realities of war and mass murder are simply astounding. His battlefields are the chaotic, deconstructed battlefields of Tolstoy and Stendhal. As for the genocide... I have searched in vain for a passage I feel comfortable quoting. Suffice it to say that his descriptions of the most extreme forms of human suffering are explicit and precise. This book is not for the squeamish, and if you're not squeamish, it will make you squeamish.

The French have pronounced *The Kindly Ones* (the phrase refers to the Furies of Greek myth) a modern masterpiece. In the U.S., the reception has been mixed at best; the New York *Times* called it "an odious stunt." That it is not. It's far from perfect: Littell has that maddening Continental contempt for paragraph breaks, and he details Max's neuroses with dismaying thoroughness—Max is gay and obsessed with sodomy, which he used to practice with his twin sister, for whom he still yearns (lusty twins being the last resort of the lazy novelist). Above all, there is the book's ludicrous, unnecessary length, which makes it practically unreadable.

But *The Kindly Ones* is unmistakably the work of a profoundly gifted writer, if not an especially disciplined one. Littell's great insight is into the damage that genocide does to those who perpetrate it. The Nazi bureaucracy has sold Max and his colleagues on mass murder as a hygienic solution to Germany's woes, regrettable but necessary. But carrying it out tears them to pieces. They stumble around half mad and constantly drunk. They wall off the horror, but it oozes through the cracks. The work of destruction is feeding back into them, destroying them in turn. "What if murder weren't a definitive solution," Max says. "What if on the contrary this new fact, even less repairable than the ones before it, opened in turn onto new abysses? Then, what way out was left?" The answer is none. But *The Kindly Ones* gives these lost souls all they could possibly expect: understanding, without pity or forgiveness. ■



Expatriate

Littell was born in America, lives in Spain and writes in French

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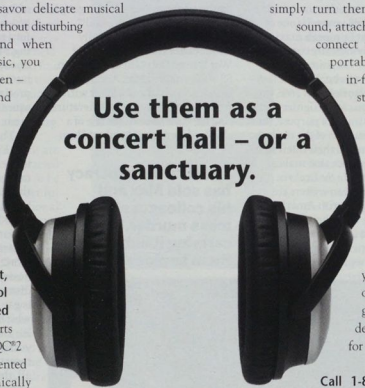
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Short List

TIME'S PICKS FOR THE WEEK



1 **ALBUM** **Kelly Clarkson**

After a great pop album and an aggressively dull coffeehouse album, the queen of all *Idol* alums finds a mature middle ground here. She blasts away enthusiastically on bouncy cuts she knows are beneath her ("I Do Not Hook Up") and stops mistaking misery for depth on the serious stuff.

2 **MOVIE** **Valentino: The Last Emperor**

In this revealing, poignant documentary, *Vanity Fair* writer Matt Tyrnauer follows the old-school couturier and his partner Giancarlo Giammetti as they assemble a Paris show, deflect their company's new owners and live out the autumn of their long, grand love affair.

3 **TELEVISION** **Party Down**

An eccentric staff of writers and actors slings hors d'oeuvres while hoping for a show-biz break—except sardonic Henry (Adam Scott), who's already been show-biz-broken. This ribald sitcom (on pay cable's Starz) does for catering what *Taxi* did for driving.

4 **BOOK** **The Tourist**

Remember John le Carré before he became socially conscious? When he wrote about beaten-down, morally directionless spies? In other words, when he was good? That's how Olen Steinhauer writes in this tale of a world-weary spook who can't escape the old game.

5 **MOVIE** **Hunger**

Michael Fassbender provides a taut, heroic turn as Bobby Sands, the IRA volunteer who led the 1981 Belfast hunger strike. English director Steve McQueen creates a commandingly cool style; his film is brutal, sobering and, like any prime work of art, exhilarating.

Arts Online

For more reviews and openings this weekend, go to time.com/entertainment

By Richard Corliss, Lev Grossman, James Poniewozik and Josh Tyrangiel

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Nancy

Gibbs

They're So Sorry. The masters of the universe who caused this money mess can't master a simple skill: apologizing

EVEN AS THE REST OF WASHINGTON DEBATED WHY THE grave robbers of AIG should continue to profit from the carnage they helped cause, Senator Charles Grassley, Republican of Iowa, tended to the mob: He'd feel a little better, he said, if AIG's executives would "follow the Japanese example and come before the American people and take that deep bow and say I'm sorry, and then either do one of two things: resign or go commit suicide." Grassley's spokesman later clarified that he was just "speaking rhetorically" as far as the suicide part went.

I'd settle for a pageant of public shaming, in which the scoundrels must beg forgiveness and make amends; we'd claw back those bonuses, foreclose on their castles, auction their toys, watch the once mighty prowl a grocery aisle calculating whether they can afford the big box of cereal that is a better deal but ties up more capital. It might appease our restless animal spirits for a time; biologists have found that receiving an apology affects blood chemistry, slows the heart rate and calms our breathing—all much needed at a moment of national fibrillation. Chimpanzees apologize, or at least perform "reconciliation protocols." How hard can this be?

Plenty hard, it seems, since somewhere in the course of our fin de siècle excess, we corrupted the culture of contrition as well. Public apologies now play like vaudeville: the extravagant remorse of disgraced televangelists, the snarled "I'm sorry" of celebrities who exude regret at being caught rather than being wrong, the artful admissions of politicians who want credit for their confessions without any actual cost. We've learned to peel them apart with tweezers, find the insincerity and self-interest: If I caused any offense (you thin-skinned morons), I regret it. And so apologies are drained of their healing powers.

"A stiff apology is a second insult," G.K. Chesterton argued, and a coerced one already trades at a discount, repentance offered only in exchange for immunity from further prosecution. This winter we got to watch A-Rod explain his doping and Michael Phelps explain that bong and various presidential appointees account for their tax returns and Republican Party chair Michael Steele beg Rush Limbaugh's forgiveness for telling the truth. Even the Pope, who forgives people for a living, has been having trouble: he had to apologize for ever

accepting the lame nonapology of an excommunicated bishop who declared that "there was not one Jew killed by the gas chambers—it was all lies, lies, lies." The bishop was entirely willing to regret that people were offended by his arguments, just not that he had made them.

One got the sense that President Obama was trying to redeem the power of redemption with his naked admission that "I screwed up" after Tom Daschle had to stand down. With the help of a 70% approval rating, Obama even turned a profit on the transaction: See, he's big enough to admit mistakes, the commentariat cheered. It would help his rescue team if the bailed-out bankers followed his lead, stepped up, helped out, for we are in a

race against chaos and Obama can't afford a populist headwind. But instead they dodge and weave and work the system, and the parade of titans called to account before congressional committees say things like "I am not in a position to comment in any depth on the subprime crisis, particularly because of pending litigation."

It's hard to avoid the conclusion that some of these men—and they are almost all men—belong in jail. But most were too shrewd to cross legal lines; they just danced along them, lingering in the loopholes, playing us for suckers. Now the

damage is done, and it's easy enough for them to hide in the complexity of a system few of us understand—a system created by collective irresponsibility. But recklessness is a form of intent, and when the damage is measured in families disfigured by a sudden fear of the future, and parents haunted by the debts we're leaving our kids, it feels personal.

For those who brought us here and have since slipped into hiding, an apology is just a start. But it's free, and it's right, and it's even empirically smart, whatever their pride and their lawyers may tell them. Most people file lawsuits out of anger, not greed. In states that passed "apology laws" that let doctors express regret when things go badly without having it thrown back at them in court, some hospitals have seen malpractice suits drop by half. Any marriage counselor can tell you that love means always having to say you're sorry. An apology is that rare instrument that restores strength through an act of surrender. This is not a matter of etiquette. It's a matter of survival. ■





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